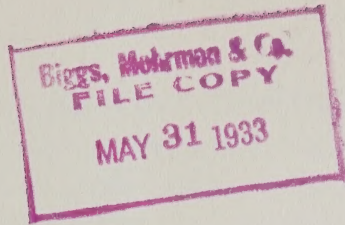


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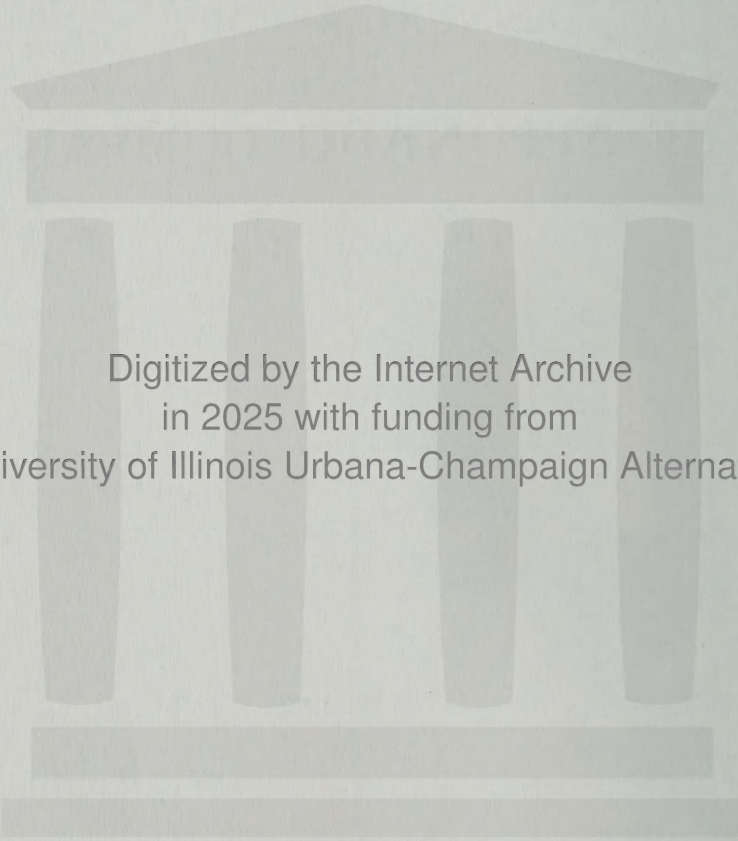


ANNUAL REPORT
THE APPONAUG COMPANY

APPONAUG, R. I.

JUNE 30, 1928

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To the Stockholders of The Apponaug Company.

On behalf of your Board of Directors I am pleased to submit financial and operating statements for the fiscal year ended June 30, 1928, as certified by our auditors, Messrs. Ernst & Ernst.

The profits for the fiscal year ended June 30, 1928, amounted to \$638,368.90 after provision for depreciation and Federal Income Tax. On the basis of the recapitalization of the Company the profits as stated above were equal to \$6.22 a share of Common Stock after provision for a full year's dividend on the new issue of preferred.

The attached Balance Sheet shows a strong current position with a ratio of 7.02 to 1.

Respectfully submitted,

ALFRED L. LUSTIG,
President.

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CONDENSED BALANCE SHEET

THE APPONAUG COMPANY, APPONAUG, R. I.

June 30, 1928

After giving effect as at that date to the recapitalization of the Company in accordance with a vote of the stockholders at a meeting held July 5, 1928, by capitalizing \$1,500,000 of the Company's surplus through the issue as stock dividends of 12,000 shares of 6½% Cumulative Preferred Stock (par value \$100 per share) and 60,000 shares of Common Stock without par value.

ASSETS

Current:

Cash (including Certificates of Deposit and accrued interest).....	\$676,615.02	
Accounts receivable.....	246,497.83	
Inventories.....	145,414.33	
United States Obligations and accrued interest.....	200,729.15	\$1,269,256.33

Permanent:

Land, Buildings, Machinery and Equipment.....	\$2,649,764.95	
Less: Allowance for Depreciation.....	1,014,003.34	
	\$1,635,761.61	
Copper Rollers.....	157,608.20	1,793,369.81

Deferred Charges:

Unexpired Insurance Premiums and Mechanical and Office Supplies.....		43,971.99
		<u>\$3,106,598.13</u>

LIABILITIES

Current:

Accounts payable.....	\$26,059.82	
Accrued accounts.....	58,552.82	
Reserve for Federal Income Taxes.....	91,623.39	\$176,236.03

Reserve for Contingencies.....		15,000.00
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Capital:

Capital Stock—

6½% Cumulative Preferred—par value \$100 per share:		
12,000 shares authorized and issued	\$1,200,000.00	
Common—without par value:		
90,000 shares authorized and issued	900,000.00	\$2,100,000.00

Surplus.....	815,362.10	2,915,362.10
		<u>\$3,106,598.13</u>

CONDENSED INCOME AND SURPLUS ACCOUNT

THE APPONAUG COMPANY, APPONAUG, R. I.

For the Fiscal Year Ended June 30, 1928

Gross Profit from Operations		\$894,901.66
General, Administrative and Selling Expenses.....		204,971.13
Net Operating Income.....		<u>\$689,930.53</u>
Add: other Income.....		41,691.37
		<u>\$731,621.90</u>
Deduct: other Charges.....		1,629.61
		<u>\$729,992.29</u>
Net Profit before Federal Income Tax.....		91,623.39
Provision for Federal Income Tax		<u>\$729,992.29</u>
Net Profit available for dividends.....		\$638,368.90
Less: Dividends paid		
Preferred.....	\$10,500.00	
Common.....	90,000.00	\$100,500.00
		<u>\$537,868.90</u>
Added to Surplus.....		1,813,757.61
Surplus, July 1, 1927.....		<u>\$2,351,626.51</u>
Deduct: Premium on redemption of 2,000 shares of Preferred Stock.....	\$20,000.00	
Provision for Contingencies	15,000.00	
Miscellaneous Surplus Adjustment.....	1,264.41	36,264.41
		<u>\$2,315,362.10</u>
Surplus, June 30, 1928.....		\$2,315,362.10
Less: Capitalization of \$1,500,000 of the surplus, in accordance with a vote of the Stockholders of the Company at a meeting held July 5, 1928, through the issue as stock dividends of the following:		
12,000 shares of 6½% Cumulative Preferred Stock of a par value of \$100 per share..	\$1,200,000.00	
60,000 Shares of Common Stock without par value.....	300,000.00	1,500,000.00
		<u>\$815,362.10</u>
Adjusted Surplus June 30, 1928—per Balance Sheet		<u><u>\$815,362.10</u></u>

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

PROVIDENCE

HOSPITAL TRUST BLDG.

August 21, 1928.

THE APPONAUG COMPANY,
APPONAUG, R. I.

Gentlemen:

We have made an examination of the books of account and record pertaining to the assets, liabilities and capital of THE APPONAUG COMPANY, Apponaug, R. I., as of June 30, 1928 and submit Condensed Balance Sheet of that date and Condensed Income and Surplus Account for the fiscal year then ended.

Cash resources were accounted for by direct communication with depository banks and by reconciliation of the amounts reported to us with the book records. Accounts receivable represented current accounts due from customers together with a small balance due from certain creditors for overpayments, adjustments, etc. As requested we did not circularize any of the customers but we did ascertain that the greater part of the outstanding accounts had been paid subsequent to June 30, 1928.

Our verification of inventories was limited to substantial tests of computations and footings and did not include any examination into physical quantities or prices. United States Obligations were accounted for by personal inspection of the securities. We have satisfied ourselves that permanent assets are stated at cost and in our opinion reasonable provision has been made for depreciation.

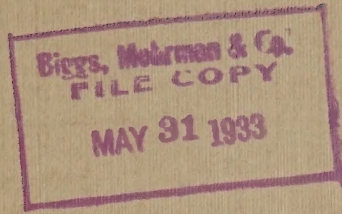
All ascertained liabilities of the Company at June 30, 1928 are reflected in the attached Balance Sheet and were verified by examination of invoices, contracts and other data. We have examined the record of the stockholders meeting held July 5, 1928 providing for the recapitalization of the Company and have given effect in this Balance Sheet to the changes in the capital authorized at that meeting.

Subject to the foregoing comments, WE HEREBY CERTIFY that, based on the records examined, information submitted to us, the inventories as taken and certified by the Company but checked by us as to computations and footings, and subject to the final determination of the liability for Federal Taxes, in our opinion, the attached Condensed Balance Sheet shows the financial condition of the Company as it would have appeared at June 30, 1928 had the transactions enumerated been then consummated. We also certify that, on the same basis, in our opinion, the relative Condensed Income and Surplus Account is correct.

Very truly yours,

ERNST & ERNST.

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ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 29, 1929

ANNUAL REPORT
THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 29, 1929

MAR 1 - 1950

THE APPONAUG COMPANY

Directors

ALFRED L. LUSTIG	Providence, R. I.
JOHN G. ALDRICH, President New England Butt Co.	Providence, R. I.
LOWELL EMERSON, President R. I. Cardboard Co.	Pawtucket, R. I.
President Emerson Realty Co.	Pawtucket, R. I.
Treasurer West Dudley Paper Co.	Dudley, Mass.
EDWIN C. GREENE	Providence, R. I.
ALBERT W. DIMICK, Treasurer Grosvenor Dale Co.	Providence, R. I.
President Warren Mfg. Co.	Providence, R. I.
THOMAS STEVENSON	Ridgewood, N. J.
FRANCIS B. KEENEY, Swan, Keeney & Smith	Providence, R. I.
WILLIAM B. SCARBOROUGH, Hitt, Farwell & Co.	New York City
*ROBERT K. LYONS	Providence, R. I.

General Officers

ALFRED L. LUSTIG	President and General Manager
JOHN G. ALDRICH	Vice-President
WALTER E. TOWNSEND	Vice-President
EDWIN C. GREENE	Secretary and Treasurer
FREDERICK G. BROWN	Assistant Treasurer

New York Agent

THOMAS STEVENSON	40 Worth Street, New York
----------------------------	---------------------------

Transfer Agent

CORN EXCHANGE BANK TRUST COMPANY	New York City
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Registrar

CITY BANK FARMERS TRUST COMPANY	New York City
---	---------------

General Counsel

SWAN, KEENEY & SMITH	Providence, R. I.
--------------------------------	-------------------

Auditors

ERNST & ERNST

*Deceased

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1928/29

To the Stockholders of The Apponaug Company:

On behalf of your Board of Directors I am pleased to present the Annual Report of The Apponaug Company for the fiscal year ended June 29, 1929, together with Condensed Balance Sheet and Income Statement as prepared and certified by our auditors, Messrs. Ernst & Ernst.

The earnings for the fiscal year amounted to \$701,076.27 after all expenses, including provision for Federal Income Tax, which was at the rate of \$7.02 per share on the common stock after paying a full year's dividend on the outstanding preferred stock of the Company.

The Company's current position continues strong with working capital of \$1,634,651 and a ratio of current assets to current liabilities of 9.14 to 1.

In July 1928 the Stockholders voted to recapitalize the Company through the capitalization of \$1,500,000.00 of the Surplus Account. As a result of this vote, there was issued \$1,200,000.00 of 6½% cumulative preferred stock and 60,000 additional shares of common stock without par value, which brought the total outstanding common shares to 90,000. During the year just ended the Company has purchased \$200,000. of preferred stock in anticipation of sinking fund requirements.

Respectfully submitted,

ALFRED L. LUSTIG,
President.

CONDENSED BALANCE SHEET

THE APPONAUG COMPANY, APPONAUG, R. I.

June 29, 1929

ASSETS

Current:

Cash.....	\$314,106.80	
Marketable Securities.....	1,112,912.76	
Accounts Receivable.....	264,132.88	
Inventories.....	144,293.89	\$1,835,446.33

Permanent:

Land, Buildings, Machinery and Equipment.....	\$2,691,399.53	
Less: Allowance for Depreciation.....	1,169,064.44	
	\$1,522,335.09	
Copper Rollers.....	163,431.60	1,685,766.69

Deferred Charges:

Unexpired Insurance Premiums and Mechanical and Office Supplies.....		47,722.91
		<u>\$3,568,935.93</u>

LIABILITIES

Current:

Preferred Dividend—Payable July 1, 1929.....	\$16,250.15	
Accounts Payable—Trade.....	24,370.64	
Accrued Accounts.....	67,625.22	
Reserve for Federal Income Taxes.....	92,549.64	\$200,795.65

Unearned Interest on Bank Acceptances.....		6,247.81
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Capital:

6½% Cumulative Preferred Stock—

Authorized and Issued.....	\$1,200,000.00		
Less: Retired to meet Sinking Fund Requirements.....	\$150,000.00		
In Treasury.....	50,000.00	200,000.00	\$1,000,000.00

Common Stock and Surplus—

90,000 shares without par value Authorized and Issued.....	\$900,000.00		
Surplus.....	1,461,892.47	2,361,892.47	3,361,892.47
			<u>\$3,568,935.93</u>

No contingent liabilities reported

CONDENSED INCOME AND SURPLUS ACCOUNT

THE APPONAUG COMPANY, APPONAUG, R. I.

For the Fiscal Year Ended June 29, 1929

Gross Profit from Operations.....	\$987,918.35
General, Administrative and Selling Expenses.....	219,232.19
Net Operating Income.....	\$768,686.16
Add: Other Income.....	45,719.45
	<u>\$814,405.61</u>
Deduct: Other Charges.....	20,779.70
	<u>\$793,625.91</u>
Net Profit before Federal Income Tax.....	\$793,625.91
Provision for Federal Income Tax.....	92,549.64
	<u>\$701,076.27</u>

ANALYSIS OF SURPLUS

Surplus June 30, 1928.....	\$2,315,362.10
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ADDITIONS

Net Profit for the Fiscal Year Ended June 29, 1929.....	\$701,076.27
Restoring Reserve for Contingencies.....	15,000.00
Discount on Purchases of the Company's Preferred Capital Stock.....	462.50
	<u>716,538.77</u>
	\$3,031,900.87

DEDUCTIONS

Dividends paid on Preferred Stock.....	\$69,063.40
Capitalization of \$1,500,000.00 of the Surplus in accordance with a vote of the Stockholders of the Company at a meeting held July 5, 1928, through the issue as stock dividends of the following:	
12,000 shares of 6½% Cumulative Preferred Stock of a par value of \$100.00 per share.....	\$1,200,000.00
60,000 shares of Common Stock without par value.....	300,000.00
	<u>1,500,000.00</u>
Miscellaneous Surplus Adjustment.....	945.00
	<u>1,570,008.40</u>
Surplus June 29, 1929—per Balance Sheet.....	\$1,461,892.47

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

PROVIDENCE

INDUSTRIAL TRUST BLDG.

August 16, 1929.

THE APPONAUG COMPANY,
APPONAUG, R. I.

Gentlemen:

We have completed our examination of the books of account and record pertaining to the assets, liabilities and capital of THE APPONAUG COMPANY, Apponaug, R. I. as of June 29, 1929 and submit Condensed Balance Sheet as of that date and Condensed Income and Surplus Account for the fiscal year then ended.

We have accounted for cash resources by direct communication with depository banks and by reconciliation of the amounts reported to us with the book records. Marketable securities were verified by personal inspection and by correspondence with the Company's fiscal agents. We took a trial balance of customers' accounts and found them to represent current accounts, the greater part of which had been paid subsequent to the audit date. As requested, we did not circularize any of these accounts.

Inventories, as certified to us by the Company as to quantities, were verified by us as to computations, footings and pricing. Vouchers and work orders covering additions to permanent assets for the period were examined by us and we have satisfied ourselves that reasonable provision has been made for depreciation.

All ascertained liabilities of the Company at June 29, 1929 are reflected in the attached Balance Sheet and were verified by examination of invoices, contracts, minute records and other data. The outstanding preferred and common stocks have been certified to us by the registrar.

Subject to the foregoing comments, WE HEREBY CERTIFY that, based upon the records examined and information submitted to us, and subject to the final determination of the liability for Federal taxes, in our opinion the attached Condensed Balance Sheet shows the financial condition of the Company at the date stated and that the relative Condensed Income and Surplus Account is correct.

Very truly yours,

ERNST & ERNST.

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ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1930

ANNUAL REPORT
THE APPONAUG COMPANY
APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1930

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THE APPONAUG COMPANY

Directors

ALFRED L. LUSTIG	Providence, R. I.
JOHN G. ALDRICH, President New England Butt Co.	Providence, R. I.
LOWELL EMERSON, President R. I. Cardboard Co.	Pawtucket, R. I.
President Emerson Realty Co.	Pawtucket, R. I.
Treasurer West Dudley Paper Co.	Dudley, Mass.
EDWIN C. GREENE	Providence, R. I.
ALBERT W. DIMICK, Treasurer Grosvenor Dale Co.	Providence, R. I.
President Warren Mfg. Co.	Providence, R. I.
THOMAS STEVENSON	Ridgewood, N. J.
FRANCIS B. KEENEY, Swan, Keeney & Smith	Providence, R. I.
WILLIAM B. SCARBOROUGH, Hitt, Farwell & Co.	New York City
EDWIN FARNWORTH	Apponaug, R. I.

General Officers

ALFRED L. LUSTIG	President and General Manager
JOHN G. ALDRICH	Vice-President
WALTER E. TOWNSEND	Vice-President
EDWIN C. GREENE	Secretary and Treasurer
FREDERICK G. BROWN	Assistant Treasurer

New York Agent

THOMAS STEVENSON	40 Worth Street, New York
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Transfer Agent

CORN EXCHANGE BANK TRUST COMPANY	New York City
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Registrar

COMMERCIAL NATIONAL BANK AND TRUST COMPANY	New York City
--	---------------

General Counsel

SWAN, KEENEY & SMITH	Providence, R. I.
--------------------------------	-------------------

Auditors

ERNST & ERNST

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1929/30

To the Stockholders of The Apponaug Company:

The Annual Report of The Apponaug Company covering the operations of the fiscal year ended June 30, 1930, is submitted herewith. There is included in this report, Condensed Balance Sheet and Income Statement certified by our auditors, Messrs. Ernst & Ernst.

Earnings for the fiscal year were \$854,590.18, after Federal Taxes, which was at the rate of \$8.88 a share on common stock, after deducting preferred dividends. This compares with a net of \$701,076.27 and \$7.02 a share on common stock for the previous year.

The Company's working capital was \$1,565,195.38 at June 30, 1930, and the ratio of current assets to current liabilities was 6.83 to 1.

Your directors have considered it advisable to provide funds for necessary plant improvements and for contingencies. With this in mind the sum of \$500,000.00 in certificates of deposit has been set aside.

Respectfully submitted

ALFRED L. LUSTIG

President

CONDENSED BALANCE SHEET

THE APPONAUG COMPANY, APPONAUG, R. I.

June 30, 1930

ASSETS

Current:			
Cash.....	\$196,340.98		
Certificates of Deposit and Accrued Interest.....	700,875.00		
Marketable Securities (At lower of Cost or Market).....	609,456.81		
Accounts Receivable.....	206,321.93		
Inventories (At lower of Cost or Market).....	120,740.35	\$1,833,735.07	
Miscellaneous Notes Receivable.....			2,600.00
Improvements and Contingencies Fund:			
Certificates of Deposit.....			500,000.00
Permanent:			
Land, Buildings, Machinery and Equipment.....	\$2,848,007.13		
Less: Allowance for Depreciation.....	1,285,322.62		
	\$1,562,684.51		
Copper Rolls.....	138,168.83	1,700,853.34	
Deferred Charges:			
Unexpired Insurance Premiums and Mechanical and Office Supplies.....			47,864.75
			\$4,085,053.16

LIABILITIES

Current:			
Preferred Dividend—Payable July 1, 1930.....	\$13,398.27		
Accounts Payable—Trade.....	62,378.04		
Accrued Accounts.....	75,294.77		
Reserve for Federal Income Taxes.....	117,468.61	\$268,539.69	
Unearned Interest on Bank Acceptances.....			311.86
Reserve for Improvements and Contingencies.....			500,000.00
Capital:			
6½% Cumulative Preferred Stock—			
Authorized and Issued.....	\$1,050,000.00		
Less: In Treasury.....	230,500.00	\$819,500.00	
Common Stock and Surplus—			
90,000 Shares without Par Value Authorized and Issued.....	\$900,000.00		
Surplus.....	1,596,701.61	2,496,701.61	3,316,201.61
			\$4,085,053.16

NO CONTINGENT LIABILITIES REPORTED

NOTE: This Balance Sheet is subject to the comments contained in the "CERTIFICATE" attached hereto.

CONDENSED INCOME AND SURPLUS ACCOUNT

THE APPONAUG COMPANY, APPONAUG, R. I.

For the Fiscal Year Ended June 30, 1930

Gross Profit from Operations.....	\$1,202,346.09
General, Administrative and Selling Expenses.....	265,817.06
NET OPERATING INCOME.....	\$936,529.03
ADD: Other Income.....	78,134.15
	\$1,014,663.18
DEDUCT: Other Charges.....	51,016.85
NET PROFIT BEFORE FEDERAL INCOME TAXES.....	\$963,646.33
PROVISION FOR FEDERAL INCOME TAXES.....	109,056.15
NET PROFIT CARRIED TO SURPLUS.....	\$854,590.18

ANALYSIS OF SURPLUS

SURPLUS JUNE 29, 1929.....	\$1,461,892.47
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ADDITIONS

Net Profit for the Fiscal Year Ended June 30, 1930.....	\$854,590.18	
Adjusting Permanent Assets—Prior Period.....	15,704.68	
Discount on Purchase of the Company's Preferred Capital Stock.....	4,231.75	874,526.61
		\$2,336,419.08

DEDUCTIONS

Dividends Paid—Preferred Stock.....	\$55,161.23	
Dividends Paid—Common Stock.....	180,000.00	
Appropriated for Improvements and Contingencies.....	500,000.00	
Federal Tax Adjustment—Prior Period.....	4,556.24	739,717.47
SURPLUS JUNE 30, 1930—PER BALANCE SHEET.....		\$1,596,701.61

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

PROVIDENCE

INDUSTRIAL TRUST BLDG.

August 20, 1930.

THE APPONAUG COMPANY,
APPONAUG, R. I.

Gentlemen:

We have completed our examination of the books of account and record pertaining to the assets, liabilities and capital of THE APPONAUG COMPANY, Apponaug, Rhode Island, as of June 30, 1930 and submit Condensed Balance Sheet as of that date and Condensed Income and Surplus Account for the fiscal year then ended.

Cash resources including the Improvements and Contingencies Fund were accounted for by reconciling the amounts reported to us by depository banks with the book records, by inspecting certificates of deposit and by actual count. Marketable securities were verified by personal inspection and by examination of cash book records evidencing cash realization subsequent to the audit date. A trial balance was taken of customers accounts, all of which were current. The greater portion of these accounts were paid prior to the date of completion of our examination. As requested, we did not circularize any of these accounts.

Inventories, as certified to us by the Company as to quantities, were verified by us as to computations, footings and pricing. Vouchers and work orders covering additions to permanent assets for the period were examined by us and the provision made for depreciation was checked and found to be reasonable.

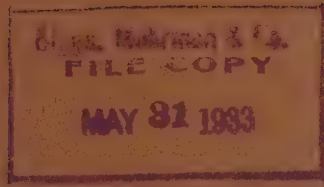
All ascertained liabilities of the Company at June 30, 1930 are reflected in the attached Balance Sheet and were verified by examination of invoices, contracts, minute records, and other data. The outstanding Preferred and Common stocks have been certified to us by the Registrar. Sinking Fund requirements on Preferred Stock have been fully complied with.

Subject to the foregoing comments, WE HEREBY CERTIFY that, based upon the records examined and information obtained by us, and subject to the final determination of the liability for Federal Taxes, in our opinion the attached Condensed Balance Sheet shows the financial condition of the Company at the date stated and the relative Condensed Income and Surplus Account is correct.

Very truly yours,

ERNST & ERNST.

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1930/31



ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1931

ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1931

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THE APPONAUG COMPANY

Directors

ALFRED L. LUSTIG	Providence, R. I.
JOHN G. ALDRICH, President New England Butt Co.	Providence, R. I.
LOWELL EMERSON, President R. I. Cardboard Co.	Pawtucket, R. I.
President Emerson Realty Co.	Pawtucket, R. I.
Treasurer West Dudley Paper Co.	Dudley, Mass.
EDWIN C. GREENE	Providence, R. I.
ALBERT W. DIMICK, Treasurer Grosvenor Dale Co.	Providence, R. I.
President Warren Mfg. Co.	Providence, R. I.
THOMAS STEVENSON	Ridgewood, N. J.
FRANCIS B. KEENEY, Swan, Keeney & Smith	Providence, R. I.
WILLIAM B. SCARBOROUGH, Hitt, Farwell & Co.	New York City
EDWIN FARNWORTH	Apponaug, R. I.

General Officers

ALFRED L. LUSTIG	President and General Manager
JOHN G. ALDRICH	Vice-President
WALTER E. TOWNSEND	Vice-President
EDWIN C. GREENE	Secretary and Treasurer
FREDERICK G. BROWN	Assistant Treasurer

New York Agent

THOMAS STEVENSON	40 Worth Street, New York
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Transfer Agent

CORN EXCHANGE BANK TRUST COMPANY	New York City
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Registrar

COMMERCIAL NATIONAL BANK AND TRUST COMPANY	New York City
--	---------------

General Counsel

SWAN, KEENEY & SMITH	Providence, R. I.
--------------------------------	-------------------

Auditors

ERNST & ERNST

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Ap 64
1930/31

To the Stockholders of The Apponaug Company:

The Annual Report of The Apponaug Company for the fiscal year ended June 30, 1931, is submitted herewith, accompanied by a Balance Sheet and Income and Surplus Account as certified by our auditors, Messrs. Ernst & Ernst.

Net earnings, after Federal Taxes, for the year amounted to \$616,786.31 which was at the rate of \$6.31 a share on the 90,000 shares of Common Stock, after deducting Preferred dividends.

The attached Balance Sheet shows working capital of \$1,755,843.79 and a ratio of current assets to current liabilities of 11.23 to 1.

Respectfully submitted,

ALFRED L. LUSTIG,

President.

CONDENSED BALANCE SHEET
THE APPONAUG COMPANY, APPONAUG, R. I.
June, 30, 1931

ASSETS

Current:

Cash.....	\$218,061.87	
Certificate of Deposit.....	1,500,000.00	
Accounts Receivable.....	115,381.96	
Inventories (At Cost Values).....	94,109.66	\$1,927,553.49

Other Assets:

Miscellaneous Note and Accounts Receivable.....	6,346.84	
Real Estate Mortgage Receivable.....	1,500.00	7,846.84

Improvements and Contingencies Fund:

Certificate of Deposit.....		500,000.00
-----------------------------	--	------------

Permanent:

Land, Buildings, Machinery and Equipment.....	\$2,955,008.84	
Less: Allowance for Depreciation.....	1,293,637.26	
	\$1,661,371.58	
Copper Rolls.....	153,178.08	1,814,549.66

Deferred Charges:

Unexpired Insurance, Supplies, etc.....		40,707.20
		<u>\$4,290,657.19</u>

LIABILITIES

Current:

Preferred Dividend—Payable July 1, 1931.....	\$11,194.76	
Accounts Payable—Trade.....	18,794.98	
Accrued Accounts.....	51,956.30	
Reserves for Massachusetts and Federal Income Taxes..	89,763.66	\$171,709.70

Reserve for Improvements and Contingencies.....		500,000.00
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Capital:

6½% Cumulative Preferred Stock—		
Authorized and Issued.....	\$1,050,000.00	
Less: In Treasury.....	387,000.00	\$663,000.00

Common Stock and Surplus—

90,000 Shares without Par Value Authorized and Issued.....	\$900,000.00	
Surplus.....	<u>2,055,947.49</u>	<u>2,955,947.49</u>
		<u>3,618,947.49</u>
		<u>\$4,290,657.19</u>

NO CONTINGENT LIABILITIES REPORTED

NOTE: This Balance Sheet is subject to the comments contained in the "CERTIFICATE" attached hereto.

CONDENSED INCOME AND SURPLUS ACCOUNT

THE APPONAUG COMPANY, APPONAUG, R. I.

For the Fiscal Year Ended June 30, 1931

Gross Profit from Operations.....	\$915,795.39	
General, Administrative and Selling Expenses.....	242,613.42	
NET OPERATING INCOME.....	\$673,181.97	
ADD: Other Income.....	81,627.23	
	\$754,809.20	
DEDUCT: Other Charges.....	54,804.84	
NET PROFIT BEFORE FEDERAL INCOME TAXES.....	\$700,004.36	
FEDERAL INCOME TAXES—ESTIMATED.....	83,218.05	
NET PROFIT TO SURPLUS.....	\$616,786.31	

ANALYSIS OF SURPLUS

SURPLUS JUNE 30, 1930.....	\$1,596,701.61
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ADDITIONS

Net Profit for Fiscal Year.....	\$616,786.31	
Adjusting Plant Accounts—Prior Period.....	76,506.24	693,292.55
		\$2,289,994.16

DEDUCTIONS

Dividends Paid—Preferred.....	\$48,599.45	
Dividends Paid—Common.....	180,000.00	
Massachusetts Taxes—Prior Periods.....	5,134.22	
Premium on Purchase of the Company's Preferred Capital Stock.....	313.00	234,046.67
SURPLUS PER BALANCE SHEET, JUNE 30, 1931.....		\$2,055,947.49

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

PROVIDENCE

INDUSTRIAL TRUST BLDG.

August 17, 1931.

THE APPONAUG COMPANY,
Apponaug, Rhode Island.

Gentlemen:

We have completed our examination of the books of account and record pertaining to the assets, liabilities and capital of THE APPONAUG COMPANY, Apponaug, Rhode Island, as of June 30, 1931 and submit Condensed Balance Sheet as of that date and Condensed Income and Surplus Account for the fiscal year then ended.

Cash resources including the Improvements and Contingencies Fund were accounted for by reconciling the amounts reported to us by depository banks with the book records, by inspecting a certificate of deposit and by actual count. A trial balance was taken of customers' accounts, all of which were current. The greater portion of these accounts were paid prior to the date of completion of our examination. As requested we did not circularize customers' or trade creditors' accounts.

Inventories, as certified to us by the Company, were verified by us as to computations, footings, and prices. Vouchers and work orders covering additions to permanent assets for the year were examined by us and the provision for depreciation in the amount of \$95,992.36 was checked and found to be reasonable.

All ascertained liabilities of the Company at June 30, 1931 are reflected in the attached Balance Sheet and were confirmed by examination of invoices, contracts, minute records and other data.

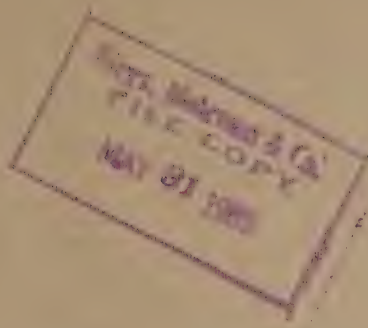
The outstanding Preferred and Common Stocks have been certified to us by the Registrar. Sinking Fund requirements on Preferred Stock have been fully complied with.

Subject to the foregoing comments, WE HEREBY CERTIFY that, based upon the records examined and information obtained by us, and subject to the final determination of the liability for Federal taxes, in our opinion the attached Condensed Balance Sheet shows the financial condition of the Company at the date stated and the relative Condensed Income and Surplus Account is correct.

Very truly yours,

ERNST & ERNST.

338.7
Ap64
1931/32



ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1932

ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1932

MAR 1 - 1950

THE APPONAUG COMPANY

Directors

ALFRED L. LUSTIG	Providence, R. I.
JOHN G. ALDRICH, President New England Butt Co.	Providence, R. I.
LOWELL EMERSON, President R. I. Cardboard Co.	Pawtucket, R. I.
President Emerson Realty Co.	Pawtucket, R. I.
Treasurer West Dudley Paper Co.	Dudley, Mass.
EDWIN C. GREENE	Providence, R. I.
ALBERT W. DIMICK, Treasurer Grosvenor Dale Co.	Providence, R. I.
President Warren Mfg. Co.	Providence, R. I.
THOMAS STEVENSON	Ridgewood, N. J.
FRANCIS B. KEENEY, Swan, Keeney & Smith	Providence, R. I.
WILLIAM B. SCARBOROUGH, Hitt, Farwell & Co.	New York City
EDWIN FARNWORTH	Apponaug, R. I.
MCDONALD L. EDINGER	Apponaug, R. I.
FREDERICK G. BROWN	Apponaug, R. I.

General Officers

ALFRED L. LUSTIG	President and General Manager
JOHN G. ALDRICH	Vice-President
EDWIN C. GREENE	Secretary and Treasurer
FREDERICK G. BROWN	Assistant Treasurer

New York Agent

THOMAS STEVENSON	40 Worth Street, New York
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Transfer Agent

CORN EXCHANGE BANK TRUST COMPANY	New York City
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Registrar

COMMERCIAL NATIONAL BANK AND TRUST COMPANY	New York City
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General Counsel

SWAN, KEENEY & SMITH	Providence, R. I.
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Auditors

ERNST & ERNST

336.7
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1931/32

To the Stockholders of The Apponaug Company:

On behalf of your Board of Directors I submit herewith the Annual Report of The Apponaug Company for the fiscal year ended June 30, 1932.

A Condensed Balance Sheet, together with a Condensed Income and Surplus Account, as certified by the Company's auditors, Messrs. Ernst & Ernst, are included with this report.

The net earnings for the year amounted to \$97,402.39 after providing for all charges including Federal Income Taxes, which was at the rate of 73 cents a share on the 90,000 shares of Common Stock, after deducting Preferred Dividends paid. The customary dividend of \$2.00 a share was paid on the Common stock which was the principal reason for the shrinkage in the Surplus Account.

The Company's sales volume was substantially lower than the preceding year due to general business conditions. Operating expenses, wherever possible, have been reduced to the basis of the decrease in sales and it is the opinion of your Directors and Officers that the Company is in a strong position to profit by any upturn in the business trend.

The attached Balance Sheet shows working capital of \$1,422,611.51 and a ratio of current assets to current liabilities of 26.95 to 1.

Respectfully submitted,

ALFRED L. LUSTIG,
President.

CONDENSED BALANCE SHEET
THE APPONAUG COMPANY, APPONAUG, R. I.
June 30, 1932

ASSETS			
Current:			
Cash.....	\$283,079.59		
Certificate of Deposit.....	1,000,000.00		
Accounts Receivable—Less Reserve.....	79,257.23		
Inventories—Lower of Cost or Market.....	115,081.12	\$1,477,417.94	
Other Assets:			
Miscellaneous Notes and Accounts Receivable—Less Reserve.....		2,109.54	
Improvements and Contingencies Fund:			
Certificate of Deposit.....		500,000.00	
Permanent:			
Land, Buildings, Machinery and Equipment.....	\$2,987,699.47		
Less: Allowance for Depreciation.....	1,380,598.65		
	\$1,607,100.82		
Copper Rolls.....	136,987.48	1,744,088.30	
Deferred Charges:			
Unexpired Insurance, Supplies, etc.....		38,717.88	
		<u>\$3,762,333.66</u>	

LIABILITIES			
Current:			
Preferred Dividend—Payable July 1, 1932.....	\$6,371.69		
Accounts Payable—Trade.....	17,090.42		
Accrued Accounts.....	8,753.65		
Reserves for Federal and State Taxes—Estimated....	22,590.67	\$54,806.43	
Reserve for Improvements and Contingencies.....		500,000.00	
Capital:			
6½% Cumulative Preferred Stock—			
Authorized and Issued.....	\$1,050,000.00		
Less: In Treasury.....	679,500.00	\$370,500.00	
Common Stock and Surplus—			
90,000 Shares without Par Value Authorized and Issued.....	\$900,000.00		
Surplus	1,937,027.23	2,837,027.23	3,207,527.23
		<u>\$3,762,333.66</u>	

NO CONTINGENT LIABILITIES REPORTED

NOTE: This Balance Sheet is subject to the comments contained in the "CERTIFICATE" attached hereto.

CONDENSED INCOME AND SURPLUS ACCOUNT

THE APPONAUG COMPANY, APPONAUG, R. I.

For the Fiscal Year Ended June 30, 1932

Gross Profit from Operations.....	\$265,797.37
General, Administrative and Selling Expenses.....	188,938.77
NET OPERATING INCOME.....	\$76,858.60
ADD: Other Income.....	49,620.24
DEDUCT: Other Charges.....	\$126,478.84
	13,031.39
NET PROFIT BEFORE FEDERAL INCOME TAXES.....	\$113,447.45
FEDERAL INCOME TAXES—ESTIMATED.....	16,045.06
NET PROFIT TO SURPLUS.....	\$97,402.39

ANALYSIS OF SURPLUS

SURPLUS JUNE 30, 1931.....	\$2,055,947.49
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ADDITIONS

Net Profit for Fiscal Year.....	\$97,402.39	
Adjusting Depreciation—Prior Periods.....	6,600.98	
Adjusting Prior Period Expenses.....	856.36	104,859.73
		\$2,160,807.22

DEDUCTIONS

Dividends Paid—Preferred.....	\$31,812.98	
Dividends Paid—Common.....	180,000.00	
Additional Federal Income Taxes—Years 1930 and 1931.....	5,403.51	
Premium on Purchase of the Company's Preferred Capital Stock.....	6,563.50	223,779.99
SURPLUS PER BALANCE SHEET, JUNE 30, 1932.....		\$1,937,027.23

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

PROVIDENCE

INDUSTRIAL TRUST BLDG.

August 3, 1932.

THE APPONAUG COMPANY,
Apponaug, Rhode Island.

Gentlemen:

We have completed our examination of the books of account and record pertaining to the assets, liabilities and capital of THE APPONAUG COMPANY, Apponaug, Rhode Island as of June 30, 1932 and submit Condensed Balance Sheet of that date and Condensed Income and Surplus Account for the fiscal year then ended.

Cash resources represented by balances in checking accounts, certificate of deposit and office funds were satisfactorily accounted for. Accounts receivable due from customers were verified by trial balance and analysis, and in our opinion reserves provided by the Company should prove sufficient allowance for doubtful accounts. In accordance with the terms of our engagement we did not circularize customers' accounts.

Inventories, as certified to us by the Company, were verified by us as to computations, footings and prices. Vouchers and work orders covering additions to permanent assets for the year were examined. Depreciation in the amount of \$99,760.37 has been charged to current year's operations which, in our opinion, is a reasonable provision.

All ascertained liabilities of the Company as of June 30, 1932 are reflected in the attached Balance Sheet and were verified by examination of invoices, contracts, minute records and other data. In accordance with the terms of our engagement we did not circularize trade creditors' accounts.

The Reserve for Improvements and Contingencies has been set aside out of Surplus by Resolution of the Board of Directors to provide for the cost, as estimated by engineers, of certain contemplated improvements to plant facilities.

The outstanding Preferred and Common Stocks have been certified to us by the Registrar. Sinking Fund requirements on the Preferred Stock have been fully complied with.

Subject to the foregoing comments, WE HEREBY CERTIFY that, based upon the records examined and information obtained by us, in our opinion the attached Condensed Balance Sheet shows the financial condition of the Company at the date stated and the relative Condensed Income and Surplus Account is correct.

Very truly yours,

ERNST & ERNST.

ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1933

MAR 1 - 1950

THE APPONAUG COMPANY

Directors

ALFRED L. LUSTIG	Providence, R. I.
JOHN G. ALDRICH, President New England Butt Co.	Providence, R. I.
LOWELL EMERSON, President R. I. Cardboard Co.	Pawtucket, R. I.
President Emerson Realty Co.	Pawtucket, R. I.
Treasurer West Dudley Paper Co.	Dudley, Mass.
EDWIN C. GREENE	Providence, R. I.
THOMAS STEVENSON	Ridgewood, N. J.
FRANCIS B. KEENEY, Swan, Keeney & Smith	Providence, R. I.
WILLIAM B. SCARBOROUGH, Halladay & Co.	New York City
EDWIN FARNWORTH	Apponaug, R. I.
MCDONALD L. EDINGER	Apponaug, R. I.
FREDERICK G. BROWN	Apponaug, R. I.

General Officers

ALRED L. LUSTIG	President and General Manager
JOHN G. ALDRICH	Vice-President
EDWIN C. GREENE	Secretary and Treasurer
FREDERICK G. BROWN	Assistant Treasurer

New York Agent

THOMAS STEVENSON	40 Worth Street, New York
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Transfer Agent

CORN EXCHANGE BANK TRUST COMPANY	New York City
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Registrar

COMMERCIAL NATIONAL BANK AND TRUST COMPANY	New York City
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General Counsel

SWAN, KEENEY & SMITH	Providence, R. I.
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Auditors

ERNST & ERNST

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1932/33

To the Stockholders of the Apponaug Company:

On behalf of your Board of Directors I submit herewith the Annual Report of The Apponaug Company for the fiscal year ended June 30, 1933 together with a Condensed Balance Sheet and Condensed Income and Surplus Account as certified by the Company's auditors, Messrs. Ernst & Ernst.

The Company's 6½% Cumulative Preferred Stock outstanding in the hands of the public was called for redemption during the year and the shares held in the Treasury were cancelled, so that as of June 30, 1933, the outstanding capital stock consisted of the common stock without par value amounting to 90,000 shares.

The Company's working capital as reflected in the attached Sheet amounts to \$857,546.91 and the ratio of current assets to current liabilities is 11.96 to 1.

A net loss of \$33,257.40 was sustained by the Company during the fiscal year ended June 30, 1933 which may be attributed to continuing lower prices and a substantial decrease in sales volume.

Respectfully submitted,

ALFRED L. LUSTIG,
President.

CONDENSED BALANCE SHEET
THE APPONAUG COMPANY, APPONAUG, R. I.
June 30, 1933

ASSETS

Current:			
Cash.....	\$200,680.24		
Certificate of Deposit.....	500,000.00		
Accounts Receivable.....	102,802.51		
Inventories—Lower of Cost or Market.....	132,303.97		\$935,786.72
Other Assets:			
Miscellaneous Notes and Accounts Receivable—Less Reserve.....			1,545.46
Improvements and Contingencies Fund:			
Certificate of Deposit.....			500,000.00
Permanent:			
Land, Buildings, Machinery and Equipment.....	\$3,003,005.67		
Less: Allowance for Depreciation.....	1,479,879.46		
	\$1,523,126.21		
Copper Rollers.....	123,647.06		1,646,773.27
Deferred Charges:			
Prepaid Expenses, Unexpired Insurance Premiums, etc.....			80,139.86
			<u>\$3,164,245.31</u>

LIABILITIES

Current:			
Accounts Payable.....	\$56,820.82		
Accrued Accounts.....	11,288.22		
Reserves for Federal and State Taxes—Estimated.....	10,130.77		\$78,239.81
Reserve for Improvements and Contingencies.....			
Capital:			
6½% Cumulative Preferred Stock—			
Authorized and Issued.....	\$1,050,000.00		
Less: Redeemed.....	1,050,000.00		
Common Stock and Surplus—			
90,000 Shares without Par Value Authorized and Issued	\$900,000.00		
Surplus.....	1,686,005.50		2,586,005.50
			<u>\$3,164,245.31</u>

NOTE A: At June 30, 1933 the Company was contingently liable as guarantor of a Letter of Credit in the amount of \$5,000.00. Subsequent to June 30, 1933 this Letter of Credit was cancelled.

NOTE B: This Balance Sheet is subject to the comments contained in the "CERTIFICATE" attached hereto.

CONDENSED INCOME AND SURPLUS ACCOUNT

THE APPONAUG COMPANY, APPONAUG, R. I.

For the Fiscal Year Ended June 30, 1933

Gross Profit from Operations.....	\$121,143.59
General, Administrative and Selling Expenses.....	174,300.30
NET OPERATING LOSS.....	\$53,156.71*
ADD: Other Income.....	24,682.17
	\$28,474.54
DEDUCT: Other Charges.....	4,782.86
NET LOSS TO SURPLUS.....	\$33,257.40*

*Indicates Loss

ANALYSIS OF SURPLUS

SURPLUS JULY 1, 1932.....	\$1,937,027.23
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ADDITION

Miscellaneous Prior Year Adjustments.....	\$9,093.39
	\$1,946,120.62

DEDUCTIONS

Net Loss for Fiscal Year.....	\$33,257.40	
Cash Dividends Paid—Preferred.....	9,980.22	
Cash Dividends Paid—Common.....	180,000.00	
Premium on Purchase of the Company's Preferred Capital Stock.....	36,877.50	260,115.12
SURPLUS PER BALANCE SHEET, JUNE 30, 1933.....	\$1,686,005.50	

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

PROVIDENCE

INDUSTRIAL TRUST BLDG.

August 9, 1933.

THE APPONAUG COMPANY,
Apponaug, Rhode Island.

Gentlemen:

We have completed our examination of the books of account and record pertaining to the assets, liabilities and capital of THE APPONAUG COMPANY, Apponaug, Rhode Island as of June 30, 1933 and submit Condensed Balance Sheet of that date and Condensed Income and Surplus Account for the fiscal year then ended.

Cash resources represented by balances in checking accounts, certificates of deposit and office funds were satisfactorily accounted for. A trial balance was taken of customers' accounts, all of which were current. The greater portion of these accounts were paid prior to the date of completion of our examination. In accordance with the terms of our engagement we did not circularize customers' accounts.

Inventories, as certified to us by the Company, were verified by us as to computations, footings and prices. Vouchers and work orders covering additions to permanent assets for the year were examined by us and the provision for depreciation in the amount of \$99,504.51 is, in our opinion, reasonable.

All ascertained liabilities of the Company as of June 30, 1933 are reflected in the attached Balance Sheet and were verified by examination of invoices, contracts, minute records and other data. In accordance with the terms of our engagement we did not circularize trade creditors' accounts.

Such contingent liabilities as were reported to us are commented upon in a footnote on the Balance Sheet. No other contingent liabilities were reported and we were informed that there were none.

Outstanding capital stock was verified by direct communication with the Commercial National Bank and Trust Company, New York, New York, Registrar.

Subject to the foregoing comments, WE HEREBY CERTIFY that, based upon the records examined and information obtained by us, in our opinion, the attached Condensed Balance Sheet shows the financial condition of the Company at the date stated and the relative Condensed Income and Surplus account is correct.

Very truly yours,

ERNST & ERNST.

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1933/34

ANNUAL REPORT
THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1934



ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1934

MAR 1 - 1950

THE APPONAUG COMPANY

Directors

ALFRED L. LUSTIG	Providence, R. I.
JOHN G. ALDRICH, President New England Butt Co.	Providence, R. I.
LOWELL EMERSON, President R. I. Cardboard Co.	Pawtucket, R. I.
President Emerson Realty Co.	Pawtucket, R. I.
Treasurer West Dudley Paper Co.	Dudley, Mass.
EDWIN C. GREENE	Providence, R. I.
THOMAS STEVENSON	Ridgewood, N. J.
FRANCIS B. KEENEY, Swan, Keeney & Smith	Providence, R. I.
WILLIAM B. SCARBOROUGH, Scarborough, Ambrose & Co.	New York City
EDWIN FARNWORTH	Apponaug, R. I.
MCDONALD L. EDINGER	Apponaug, R. I.
FREDERICK G. BROWN	Apponaug, R. I.

General Officers

ALFRED L. LUSTIG	President and General Manager
JOHN G. ALDRICH	Vice-President
EDWIN C. GREENE	Secretary and Treasurer
FREDERICK G. BROWN	Assistant Treasurer

New York Agent

THOMAS STEVENSON	40 Worth Street, New York
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Transfer Agent

CORN EXCHANGE BANK TRUST COMPANY	New York City
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Registrar

COMMERCIAL NATIONAL BANK AND TRUST COMPANY	New York City
--	---------------

General Counsel

SWAN, KEENEY & SMITH	Providence, R. I.
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Auditors

ERNST & ERNST

3587
Ap 64
1933/34

To the Stockholders of The Apponaug Company:

On behalf of your Board of Directors I submit herewith the Annual Report of The Apponaug Company for the fiscal year ended June 30, 1934 together with Balance Sheet and Condensed Income and Surplus Account as prepared by the Company's auditors, Messrs. Ernst & Ernst.

The Company's net profits amounted to \$160,154.01 for the fiscal year or \$1.77 a share of common stock. This compares with a net loss of \$33,257.40 the previous fiscal year. The improvement in profits was the result of higher price levels prevailing during the year as compared with the previous year, the yardage volume of business remaining practically at the same levels for the two years.

As stated in last year's report, the 6½% Cumulative Preferred Stock was called for redemption during the fiscal year ended June 30, 1933. At the last annual meeting of stockholders held September 19, 1933, it was voted to reduce the authorized capital to 90,000 shares of common stock without par value, thereby eliminating the Preferred Stock. The Company's charter was amended accordingly under date of October 9, 1933.

The attached Balance Sheet shows working capital of \$898,468.34 and a ratio of current assets to current liabilities of 11.70 to 1.

Respectfully submitted,

ALFRED L. LUSTIG,
President.

BALANCE SHEET

THE APPONAUG COMPANY, APPONAUG, R. I.

June 30, 1934

ASSETS

Current—

Cash:

On Deposit.....	\$183,081.20	
Certificate of Deposit—30 Days.....	50,000.00	
On Hand.....	2,447.75	\$235,528.95

United States Obligations—Amortized Value:

Treasury Notes—Due 1937–1938—(Market Value \$524,218.76).....	508,787.69
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Accounts Receivable:

Customers.....	\$92,854.40	
Miscellaneous Current Accounts.....	3,723.58	96,577.98

Inventories—Lower of Cost or Market:

Drugs, Chemicals, etc.....	\$56,783.75	
Work in Process.....	17,009.92	
Factory Supplies and Back Greys.....	67,774.00	141,567.67
		\$ 982,462.29

Other Assets:

Miscellaneous Accounts Receivable.....	2,014.97
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Improvements and Contingencies Fund:

Certificate of Deposit—30 Days.....	500,000.00
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Permanent:

Land, Buildings, Machinery and Equipment—Cost....	\$3,040,997.28
Less: Allowance for Depreciation.....	1,506,493.41

	\$1,534,503.87	
Copper Rollers—Written Down Book Value.....	111,014.64	1,645,518.51

Deferred Charges:

Prepaid Expenses, Unexpired Insurance Premiums, etc.....	66,379.82
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\$3,196,375.59

LIABILITIES

Current:

Accounts Payable.....	\$34,201.41	
Accrued Salaries and Wages.....	14,952.37	
Reserves for Federal and State Taxes.....	34,840.17	\$ 83,993.95

Reserve for Improvements and Contingencies.....	500,000.00
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Capital—

Common Stock:

90,000 Shares without Par Value Authorized and Issued.....	\$ 900,000.00	
Earned Surplus.....	1,712,381.64	2,612,381.64

\$3,196,375.59

NOTE: This Balance Sheet is subject to the comments contained in the letter attached hereto.

CONDENSED INCOME AND SURPLUS ACCOUNT

THE APPONAUG COMPANY, APPONAUG, R. I.

For the Fiscal Year Ended June 30, 1934

Gross Profit from Operations.....	\$339,986.61
General, Administrative and Selling Expenses.....	174,105.95
NET OPERATING PROFIT.....	<u>\$165,880.66</u>
ADD: Other Income.....	24,831.71
	<u>\$190,712.37</u>
DEDUCT: Other Charges.....	6,540.18
NET PROFIT BEFORE FEDERAL INCOME TAX.....	<u>\$184,172.19</u>
Provision for Federal Income Tax—Estimated.....	24,018.18
NET PROFIT TO EARNED SURPLUS.....	<u><u>\$160,154.01</u></u>

ANALYSIS OF EARNED SURPLUS

Surplus July 1, 1933.....	\$1,686,005.50
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ADDITIONS

Net Profit for Fiscal Year.....	\$160,154.01	
Depreciation Disallowed by Treasury Department—Prior Years.....	52,243.04	212,397.05
		<u>\$1,898,402.55</u>

DEDUCTIONS

Cash Dividends Paid—Common Stock.....	\$180,000.00	
Adjustment of Permanent Asset Accounts.....	3,252.40	
Additional Federal Income Tax Assessment—1932.....	2,525.00	
Adjustment of Tax Reserves.....	243.51	186,020.91
EARNED SURPLUS PER BALANCE SHEET, JUNE 30, 1934.....		<u><u>\$1,712,381.64</u></u>

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

PROVIDENCE

INDUSTRIAL TRUST BLDG.

August 9, 1934

THE APPONAUG COMPANY,
Apponaug, Rhode Island.

We made an examination of the accounts of THE APPONAUG COMPANY pertaining to its assets and liabilities as of June 30, 1934, which included without detailed audit a general review of the operating and surplus accounts for the fiscal year ended at that date. We also examined minutes of stockholders and directors meetings held during the fiscal year.

Balances in checking accounts, certificates of deposit and office funds were accounted for and United States obligations owned were inspected. Customers' accounts receivable, all of which were current, were not confirmed by communication with the debtors but we observed that the greater portion had been paid prior to the time we completed our examination.

Inventories, valued on the basis of the lower of cost or market, were certified to us by the Company, and were verified by us as to computations and prices. Vouchers and work orders covering additions to asset accounts during the year ended June 30, 1934 were examined by us. Provision for depreciation during the fiscal year ended June 30, 1934 amounted to \$78,856.99 as compared with provision of \$99,504.51 during the previous fiscal year. The reduction in this provision during the last fiscal year reflected changes in depreciation policy required by the Bureau of Internal Revenue in the determination of depreciation deductions allowable for federal income tax purposes, and represented a reduction in the rate of depreciation allowed on machinery and equipment and a change in the method of applying depreciation rates to the asset accounts.

Liabilities as of June 30, 1934 were ascertained from examination of invoices, contracts, mortgage records and other data, but were not confirmed by communication with creditors. No contingent liabilities were reported to us or disclosed by our examination.

The outstanding common stock was verified by direct communication with the Commercial National Bank & Trust Company, New York, N. Y., Registrar. We examined a certified copy of an amendment to the Company's charter dated October 9, 1933 reducing the authorized capital stock from 10,500 shares of 6¼% Cumulative Preferred Stock of a par value of \$100.00 per share and 90,000 shares of Common Stock without par value, to 90,000 shares of Common Stock without par value.

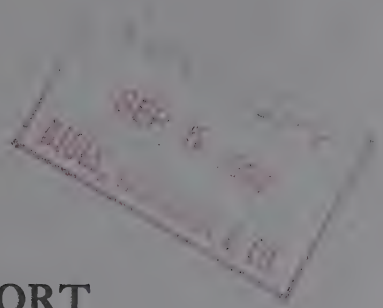
Based upon the records examined and information furnished us, in our opinion the accompanying Balance Sheet and related Condensed Income and Surplus accounts fairly present respectively, in accordance with accepted principles of accounting consistently maintained by the Company during the year under review except as to depreciation policy as above referred to, the financial condition of the Company as of June 30, 1934 and results of its operations and changes in its surplus during the fiscal year then ended.

ERNST & ERNST.





338.7
Ap64
1935/36



ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1936

ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1936

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THE APPONAUG COMPANY

Directors

JOHN G. ALDRICH, President New England Butt Co.	Providence, R. I.
LELAND S. BISBEE, Bisbee, McKone, Wilson, King & Kendall	Jackson, Mich.
FREDERICK G. BROWN	Apponaug, R. I.
E. LAMBERT CLIFFORD	Providence, R. I.
MCDONALD L. EDINGER	Apponaug, R. I.
LOWELL EMERSON, President R. I. Cardboard Co.	Pawtucket, R. I.
President Emerson Realty Co.	Pawtucket, R. I.
Treasurer West Dudley Paper Co.	Dudley, Mass.
EDWIN FARNWORTH	East Greenwich, R. I.
EDWIN C. GREENE	Providence, R. I.
FRANCIS B. KEENEY, Swan, Keeney & Smith	Providence, R. I.
WILLIAM B. SCARBOROUGH, Toerge & Schiffer	New York City
THOMAS STEVENSON	Ridgewood, N. J.

General Officers

EDWIN C. GREENE	President
THOMAS STEVENSON	Vice-President and Sales Manager
FREDERICK G. BROWN	Secretary and Treasurer
EDWIN FARNWORTH	General Manager

New York Agent

THOMAS STEVENSON	40 Worth Street, New York
----------------------------	---------------------------

Transfer Agent

CORN EXCHANGE BANK TRUST COMPANY	New York City
--	---------------

Registrar

COMMERCIAL NATIONAL BANK AND TRUST COMPANY	New York City
--	---------------

General Counsel

SWAN, KEENEY & SMITH	Providence, R. I.
--------------------------------	-------------------

Auditors

ERNST & ERNST

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Ap 64
1935/36

To the Stockholders of The Apponaug Company:

On behalf of your Board of Directors I submit herewith the Annual Report of The Apponaug Company for the fiscal year ended June 30, 1936, together with Balance Sheet and Condensed Income and Surplus Account as prepared by the Company's auditors, Messrs. Ernst & Ernst.

Net profit for the current fiscal year, as shown on the accompanying statement, was \$9,053.11 after deducting amortization of premiums on United States Treasury Notes amounting to \$5,678.01 and adding depreciation for 1934 and 1935 fiscal years amounting to \$6,554.13 disallowed by Bureau of Internal Revenue.

Last year the Company reported an operating loss of \$103,093.13 which compares with an operating loss of \$13,-663.29 this year, an improvement of \$89,429.84 in the results from operations of the plant. This improved showing was due principally to an increase in yardage volume, as there was no appreciable change in the unfavorable price structure under which the industry has been operating for the past several years.

Cash dividends amounting to \$90,000.00 were paid to stockholders during the year and this disbursement less the net profit for the year resulted in a net reduction of \$80,946.89 in the Earned Surplus Account.

The attached Balance Sheet shows working capital of \$720,621.18 and a ratio of current assets to current liabilities of 11.97 to 1.

Respectfully submitted,

EDWIN C. GREENE

President

BALANCE SHEET

THE APPONAUG COMPANY, APPONAUG, R. I.

June 30, 1936

ASSETS

Current—

Cash

On Deposit and on Hand..... \$412,052.39

United States Obligations—At Cost Less Amortization:

Indicated Market Value \$72,353.38..... 71,890.28

Accounts Receivable:

Customers..... \$138,577.95

Miscellaneous Current Accounts..... 2,575.57

141,153.52

Inventories:

Drugs, Chemicals, etc..... \$71,064.49

Work in Process..... 14,603.24

Factory Supplies and Back Greys..... 75,568.45

161,236.18

\$786,332.37

Other:

Miscellaneous Accounts Receivable.....

2,748.74

Improvements and Contingencies Fund:

United States Obligations—At Cost Less Amortization:

Indicated Market Value \$503,221.00.....

500,000.00

Property, Plant and Equipment:

Land, Buildings, Machinery and Equipment—Cost... \$3,152,473.68

Less: Allowance for Depreciation..... 1,668,135.84

\$1,484,337.84

Copper Rollers—Written Down Book Value.....

101,287.68

1,585,625.52

Deferred:

Unexpired Insurance Premiums and Prepaid Expenses.....

31,482.14

\$2,906,188.77

LIABILITIES

Current:

Accounts Payable..... \$46,716.38

Accrued Salaries and Wages..... 6,188.66

Reserves for Federal and State Taxes..... 12,806.15

\$65,711.19

Reserve for Improvements and Contingencies.....

500,000.00

Capital—

Common Stock:

90,000 Shares without Par Value Authorized and

Issued..... \$900,000.00

Earned Surplus..... 1,440,477.58

2,340,477.58

\$2,906,188.77

NO CONTINGENT LIABILITIES FOUND OR REPORTED

NOTE: This Balance Sheet is subject to the comments contained in the letter attached hereto.

CONDENSED INCOME AND SURPLUS ACCOUNT

THE APPONAUG COMPANY, APPONAUG, R. I.

For the Fiscal Year Ended June 30, 1936

Gross Profit from Operations.....			\$135,241.14
General Administrative and Selling Expenses.....			148,904.43
NET OPERATING LOSS.....			<u>\$13,663.29</u>
DEDUCT: Other Income			
Interest and Discounts Earned..	\$20,993.80		
Miscellaneous.....	1,579.54		
		\$22,573.34	
Less: Other Charges			
Amortization of Premiums			
Paid on United States			
Treasury Notes.....	5,678.01		
Miscellaneous.....	733.06		
		6,411.07	
			<u>16,162.27</u>
NET PROFIT BEFORE ADJUSTMENT OF DEPRECIATION RESERVES....			<u>\$2,498.98</u>
ADJUSTMENT OF DEPRECIATION RESERVES			
Due to Depreciation for Fiscal Years 1934 and 1935 Disallowed by			
Bureau of Internal Revenue.....			\$6,554.13
			<u>\$9,053.11</u>
NET PROFIT TRANSFERRED TO EARNED SURPLUS.....			<u><u>\$9,053.11</u></u>

EARNED SURPLUS

Balance July 1, 1935.....	\$1,521,424.47
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ADDITION

Net Profit for the Fiscal Year.....	\$9,053.11
-------------------------------------	------------

DEDUCTION

Cash Dividends Paid.....	90,000.00	80,946.89
BALANCE, JUNE 30, 1936, PER BALANCE SHEET.....		<u><u>\$1,440,477.58</u></u>

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

PROVIDENCE

INDUSTRIAL TRUST BLDG.

August 17, 1936

THE APPONAUG COMPANY,
Apponaug, Rhode Island.

We have made an examination of the Balance Sheet of THE APPONAUG COMPANY as at June 30, 1936 and of the statement of Income and Surplus for the fiscal year ended at that date. In connection therewith, we examined or tested accounting records of the Company and other supporting evidence, and obtained information and explanations from officers and employees of the Company; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a complete detailed audit of the transactions.

The greater portion of the accounts receivable had been realized in cash prior to the date of this report and the remaining accounts represented current billings. Inventories, with the exception of Work in Process, were based upon physical counts taken under the direction of the management. We found the inventories priced on a basis not in excess of the lower of cost or market. Depreciation of Property, Plant and Equipment charged off during the fiscal year 1936 amounted to \$88,520.06.

In our opinion, based upon our examination, the accompanying Balance Sheet and related statement of Income and Surplus fairly present the position of the Company at June 30, 1936 and the results of its operations for the fiscal year ended at that date. Further, it is our opinion that the statements have been prepared in accordance with accepted accounting principles and on a basis consistent with the preceding year.

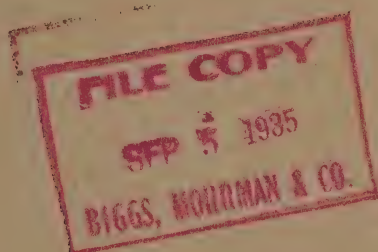
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1934/35

ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.



FOR THE FISCAL YEAR ENDED
JUNE 30, 1935

ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1935

MAR 1 - 1950

THE APPONAUG COMPANY

Directors

JOHN G. ALDRICH, President New England Butt Co.	Providence, R. I.
FREDERICK G. BROWN	Apponaug, R. I.
E. LAMBERT CLIFFORD	Providence, R. I.
MCDONALD L. EDINGER	Apponaug, R. I.
LOWELL EMERSON, President R. I. Cardboard Co.	Pawtucket, R. I.
President Emerson Realty Co.	Pawtucket, R. I.
Treasurer West Dudley Paper Co.	Dudley, Mass.
EDWIN FARNWORTH	East Greenwich, R. I.
EDWIN C. GREENE	Providence, R. I.
FRANCIS B. KEENEY, Swan, Keeney & Smith	Providence, R. I.
WILLIAM B. SCARBOROUGH, Scarborough, Ambrose & Co.	New York City
THOMAS STEVENSON	Ridgewood, N. J.

General Officers

EDWIN C. GREENE	President
THOMAS STEVENSON	Vice-President and Sales Manager
FREDERICK G. BROWN	Secretary and Treasurer
EDWIN FARNWORTH	General Manager

New York Agent

THOMAS STEVENSON	40 Worth Street, New York
------------------	---------------------------

Transfer Agent

CORN EXCHANGE BANK TRUST COMPANY	New York City
----------------------------------	---------------

Registrar

COMMERCIAL NATIONAL BANK AND TRUST COMPANY	New York City
--	---------------

General Counsel

SWAN, KEENEY & SMITH	Providence, R. I.
----------------------	-------------------

Auditors

ERNST & ERNST

338.7
Apr 64
1934/35

To the Stockholders of The Apponaug Company:

On behalf of your Board of Directors I submit herewith the Annual Report of The Apponaug Company for the fiscal year ended June 30, 1935, together with Balance Sheet and Condensed Income and Surplus Account, as prepared by the Company's auditors, Messrs. Ernst & Ernst.

Your Company operated at a loss for the year, the net loss transferred to the Earned Surplus Account amounting to \$57,311.82, which compares with a net profit of \$160,154.01 for the previous year. While the net loss for the current fiscal year was \$57,311.82, the loss from operations of the plant amounted to \$103,093.13, the difference being due to the excess of Other Income over Other Charges, as shown on the auditors' statement of Condensed Income and Surplus Account. The operating loss was largely the result of a shrinkage in yardage volume plus increases in operating costs not compensated for by increases in selling prices.

Cash dividends amounting to \$135,000.00 were paid to stockholders during the year and this disbursement plus the net loss for the year resulted in a total charge of \$192,311.82 against the Earned Surplus Account.

The attached Balance Sheet shows working capital of \$732,200.27 and a ratio of current assets to current liabilities of 16.17 to 1.

During the year your Company suffered the loss of its President and General Manager, Mr. Alfred L. Lustig, whose death occurred on March 19, 1935. For nearly a quarter of a century he devoted his life to the building up of a Plant and Organization and gave without restraint of his time and ability to advance the welfare of the Company. His untimely passing came as a severe personal loss to his associates.

Respectfully submitted,

EDWIN C. GREENE

President

BALANCE SHEET
THE APPONAUG COMPANY, APPONAUG, R. I.
June 30, 1935

ASSETS

Current—

Cash:

On Deposit and on Hand..... \$550,653.23

Accounts Receivable:

Customers..... \$82,708.64

Miscellaneous Current Accounts..... 2,630.86 85,339.50

Inventories:

Drugs, Chemicals, etc..... \$70,531.64

Work in Process..... 14,695.41

Factory Supplies and Back Greys..... 59,236.13 144,463.18 \$780,455.91

Other Assets:

Miscellaneous Accounts Receivable..... 2,361.98

Improvements and Contingencies Fund:

United States Obligations—Market Value \$530,084.38..... 529,654.53

Permanent:

Land, Buildings, Machinery and Equipment—Cost..... \$3,104,658.41

Less: Allowance for Depreciation..... 1,587,943.31

\$1,516,715.10

Copper Rollers—Written Down Book Value..... 103,312.09 1,620,027.19

Deferred Charges:

Unexpired Insurance Premiums, Prepaid Expenses, etc..... 37,180.50

\$2,969,680.11

LIABILITIES

Current:

Accounts Payable..... \$28,753.10

Accrued Salaries and Wages, etc..... 11,225.54

Reserves for Federal and State Taxes..... 8,277.00 \$48,255.64

Reserve for Improvements and Contingencies..... 500,000.00

Capital—

Common Stock:

90,000 Shares without Par Value Authorized and

Issued..... \$ 900,000.00

Earned Surplus..... 1,521,424.47 2,421,424.47

\$2,969,680.11

NO CONTINGENT LIABILITIES FOUND OR REPORTED

NOTE: This Balance Sheet is subject to the comments contained in the letter attached hereto.

CONDENSED INCOME AND SURPLUS ACCOUNT

THE APPONAUG COMPANY, APPONAUG, R. I.

For the Fiscal Year Ended June 30, 1935

Gross Profit from Operations.....		\$65,471.02	
General, Administrative and Selling Expenses.....		168,564.15	
NET OPERATING LOSS.....			<u>\$103,093.13</u>
DEDUCT: Other Income			
Interest and Discounts Earned.....	\$24,069.83		
Profit on Sale of Securities.....	23,841.67		
Miscellaneous.....	1,111.98		
			<u>49,023.48</u>
			<u>\$54,069.65</u>
ADD: Other Charges.....			<u>3,242.17</u>
NET LOSS TRANSFERRED TO EARNED SURPLUS.....			<u><u>\$57,311.82</u></u>

EARNED SURPLUS

Balance July 1, 1934.....	\$1,712,381.64
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ADDITION

Adjustment of Tax Reserves.....	1,354.65
	<u>\$1,713,736.29</u>

DEDUCTIONS

Cash Dividends Paid.....	\$135,000.00	
Net Loss for the Fiscal Year.....	57,311.82	192,311.82
		<u>192,311.82</u>
BALANCE, JUNE 30, 1935, PER BALANCE SHEET.....		<u><u>\$1,521,424.47</u></u>

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

PROVIDENCE

INDUSTRIAL TRUST BLDG.

August 2, 1935

THE APPONAUG COMPANY,
Apponaug, Rhode Island.

We have made an examination of the Balance Sheet of THE APPONAUG COMPANY as at June 30, 1935 and of the statement of Income and Surplus for the fiscal year ended at that date. In connection therewith we examined or tested accounting records of the Company and other supporting evidence, and obtained information and explanations from officers and employees of the Company; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

The greater portion of the accounts receivable had been realized in cash prior to the date of this report and the remaining accounts represented current billings. Inventories, with the exception of Work in Process, were based upon physical counts taken under the direction of the management. We found the inventories priced on a basis not in excess of the lower of cost or market.

In our opinion, based upon our examination, the accompanying Balance Sheet and related statement of Income and Surplus fairly present the position of the Company at June 30, 1935 and the results of its operations for the fiscal year ended at that date. Further, it is our opinion that the statements have been prepared in accordance with accepted accounting principles and on a basis consistent with the preceding year.

ERNST & ERNST

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1936/37

ANNUAL REPORT
THE APPONAUG COMPANY
APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1937



ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.



FOR THE FISCAL YEAR ENDED
JUNE 30, 1937

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THE APPONAUG COMPANY

Directors

JOHN G. ALDRICH, President New England Butt Co.	Providence, R. I.
LELAND S. BISBEE, Bisbee, McKone, Wilson, King & Kendall . . .	Jackson, Mich.
FREDERICK G. BROWN	Apponaug, R. I.
E. LAMBERT CLIFFORD	Providence, R. I.
MCDONALD L. EDINGER	Apponaug, R. I.
LOWELL EMERSON, President R. I. Cardboard Co.	Pawtucket, R. I.
President Emerson Realty Co.	Pawtucket, R. I.
Treasurer West Dudley Paper Co.	Dudley, Mass.
EDWIN FARNWORTH	East Greenwich, R. I.
EDWIN C. GREENE	Providence, R. I.
FRANCIS B. KEENEY, Swan, Keeney & Smith	Providence, R. I.
WILLIAM B. SCARBOROUGH, Toerge & Schiffer	New York City
THOMAS STEVENSON	Ridgewood, N. J.

General Officers

EDWIN C. GREENE	President
THOMAS STEVENSON	Vice-President and Sales Manager
FREDERICK G. BROWN	Secretary and Treasurer
EDWIN FARNWORTH	General Manager

New York Agent

THOMAS STEVENSON	40 Worth Street, New York
----------------------------	---------------------------

Transfer Agent

CORN EXCHANGE BANK TRUST COMPANY	New York City
--	---------------

Registrar

COMMERCIAL NATIONAL BANK AND TRUST COMPANY	New York City
--	---------------

General Counsel

SWAN, KEENEY & SMITH	Providence, R. I.
--------------------------------	-------------------

Auditors

ERNST & ERNST

338.7
Apr 64
1936/37

To the Stockholders of The Apponaug Company:

On behalf of your Board of Directors I submit herewith the annual report of The Apponaug Company for the fiscal year ended June 30, 1937, together with Balance Sheet and Condensed Income and Surplus Account as prepared by the Company's auditors, Messrs. Ernst & Ernst.

Net profit for the fiscal year was \$37,016.76 before charging off \$90,238.58 for depreciation. After depreciation and items of other income and other charges, there was a net loss of \$50,946.66. Cash dividends of \$1.00 a share, or \$90,000.00, were paid from surplus.

In my report of last year I commented upon the unfavorable price structure under which the industry has been operating for the past several years and I have to report now that there has been no improvement in the price situation when viewed in the light of rising costs of doing business. Finishing prices have been advanced, but not in proportion to increased operating expenses. Two wage increases have been granted within the past year with the result that labor cost, which is our largest item of expense, has been substantially increased. Increases in material costs and Social Security Taxes have also contributed to the higher level of operating expenses.

During the year further expenditures were made for modernization of the plant and improving machinery and equipment. These expenditures amounted to \$181,523.85, of which \$82,188.00 represented the cost to June 30, 1937 of constructing a new power plant and making certain other improvements. The latter named amount was taken from the Improvements and Contingencies Fund in accordance with the terms of the vote of the Directors when the Fund was originally set aside.

The Balance Sheet shows working capital of \$554,470.34 as compared with \$720,621.18 last year. The expenditures for improvements to plant and dividends paid in excess of cash earnings accounts for the decrease in working capital.

Respectfully submitted,

EDWIN C. GREENE

President

BALANCE SHEET

THE APPONAUG COMPANY, APPONAUG, R. I.

June 30, 1937

ASSETS

Current:

Cash

On Deposit and on Hand..... \$216,040.98

United States Obligations—At Cost Less Amortization:

Indicated Market Value \$149,773.09..... 149,768.84

Accounts Receivable:

Customers—Less Allowance for Doubtful..... \$99,986.21

Miscellaneous Current Accounts..... 1,944.36

101,930.57

Inventories—Lower of Cost or Market:

Drugs, Chemicals, etc..... \$100,396.91

Work in Process..... 15,844.19

Factory Supplies, Back Greys, etc..... 62,925.25

179,166.35

\$646,906.74

Other:

Miscellaneous Accounts Receivable..... 1,594.63

Improvements and Contingencies Fund:

United States Obligations—At Cost Less Amortization:

Indicated Market Value \$417,828.71..... 417,812.00

Property, Plant and Equipment:

Land, Buildings, Machinery and Equipment—Cost.... \$3,321,912.51

Less: Allowance for Depreciation..... 1,748,858.49

\$1,573,054.02

Copper Rollers—Written Down Book Value..... 121,888.41

1,694,942.43

Deferred:

Unexpired Insurance Premiums and Prepaid Expenses..... 30,711.52

\$2,791,967.32

LIABILITIES

Current:

Dividend Payable July 1, 1937..... \$22,500.00

Accounts Payable..... 49,826.74

Accrued Salaries and Wages..... 9,225.67

Reserves for Federal and State Taxes..... 10,883.99

\$92,436.40

Reserve for Improvements and Contingencies.....

417,812.00

Capital Stock and Surplus:

Common Stock

90,000 Shares without Par Value—Authorized and

Issued..... \$900,000.00

Earned Surplus..... 1,381,718.92

2,281,718.92

\$2,791,967.32

NO CONTINGENT LIABILITIES FOUND OR REPORTED

NOTE: This Balance Sheet is subject to the comments contained in the letter attached hereto.

CONDENSED INCOME AND SURPLUS ACCOUNT

THE APPONAUG COMPANY, APPONAUG, R. I.

For the Fiscal Year Ended June 30, 1937

Gross Profit from Operations before Depreciation.....		\$193,073.92
General, Administrative and Selling Expenses.....		156,057.16
NET OPERATING PROFIT BEFORE DEPRECIATION.....		<u>\$37,016.76</u>
DEDUCT: Depreciation Charge.....		90,238.58
NET OPERATING LOSS.....		<u>\$53,221.82</u>
DEDUCT: Other Income		
Interest and Discounts Earned..	\$24,693.32	
Miscellaneous.....	1,745.62	
		<u>\$26,438.94</u>
Less: Other Charges		
Provision for Doubtful Ac-		
counts.....	\$17,500.00	
Amortization of Premiums		
Paid on United States		
Treasury Notes.....	4,309.44	
Miscellaneous.....	2,354.34	
		<u>24,163.78</u>
		2,275.16
NET LOSS TRANSFERRED TO EARNED SURPLUS.....		<u><u>\$50,946.66</u></u>

EARNED SURPLUS

Balance, June 30, 1936—Per Previous Report..... \$1,440,477.58

ADDITION

Transferred from Reserve for Improvements and Con-
tingencies..... \$82,188.00

DEDUCTIONS

Net Loss for the Fiscal Year..... \$50,946.66
Dividends Paid..... 90,000.00
140,946.66
58,758.66

BALANCE, JUNE 30, 1937, PER BALANCE SHEET..... \$1,381,718.92

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

PROVIDENCE

INDUSTRIAL TRUST BLDG.

August 18, 1937

THE APPONAUG COMPANY,
Apponaug, Rhode Island.

We have made an examination of the Balance Sheet of THE APPONAUG COMPANY as at June 30, 1937 and of the statement of Income and Surplus for the fiscal year ended at that date. In connection therewith, we examined or tested accounting records of the Company and other supporting evidence, and obtained information and explanations from officers and employees of the Company; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a complete detailed audit of the transactions.

In our opinion, based upon our examination, the accompanying Balance Sheet and related statement of Income and Surplus fairly present the position of the Company at June 30, 1937 and the results of its operations for the fiscal year ended at that date. Further, it is our opinion that the statements have been prepared in accordance with accepted accounting principles and on a basis consistent with the preceding year.

ERNST & ERNST





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1937/38

ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1938

ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1938

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THE APPONAUG COMPANY

Directors

JOHN G. ALDRICH, President New England Butt Co.	Providence, R. I.
FREDERICK G. BROWN	Apponaug, R. I.
E. LAMBERT CLIFFORD	Providence, R. I.
MCDONALD L. EDINGER	Apponaug, R. I.
LOWELL EMERSON, President R. I. Cardboard Co.	Pawtucket, R. I.
President Emerson Realty Co.	Pawtucket, R. I.
Treasurer West Dudley Paper Co.	Dudley, Mass.
EDWIN FARNWORTH	East Greenwich, R. I.
EDWIN C. GREENE	Providence, R. I.
FRANCIS B. KEENEY, Swan, Keeney & Smith	Providence, R. I.
GEORGE V. MEEHAN, Treasurer Grosvenor-Dale Co.	North Grosvenor-Dale, Conn.
JOHN A. PEARSON	Scarsdale, N. Y.
THOMAS STEVENSON	Ridgewood, N. J.

General Officers

EDWIN C. GREENE	President
THOMAS STEVENSON	Vice-President and Sales Manager
FREDERICK G. BROWN	Secretary and Treasurer
EDWIN FARNWORTH	General Manager

New York Agent

THOMAS STEVENSON	40 Worth Street, New York
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Transfer Agent

CORN EXCHANGE BANK TRUST COMPANY	New York City
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Registrar

COMMERCIAL NATIONAL BANK AND TRUST COMPANY	New York City
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General Counsel

SWAN, KEENEY & SMITH	Providence, R. I.
--------------------------------	-------------------

Auditors

ERNST & ERNST

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Ap 64
1937/38

To the Stockholders of The Apponaug Company:

On behalf of your Board of Directors, I submit herewith the Annual Report of The Apponaug Company for the fiscal year ended June 30, 1938, together with Balance Sheet and Summary of Profit and Loss and Surplus, as prepared by the Company's auditors, Messrs. Ernst & Ernst.

The net loss of \$106,865.17 for the fiscal year is after provision of \$94,737.61 for depreciation, and compares with a net loss of \$50,946.66 last year.

The year just passed has been the worst your Company has experienced in many years. Business conditions throughout the industry were abnormal; sales volume was at a very low point; the price structure was weak and unstable; material costs were higher and Social Security Taxes were increased about 50% over last year.

Because of these adverse factors, it became necessary not only to reduce wages, which had the effect of cancelling one of the wage increases granted the previous year, but also to put into effect certain drastic operating economies. As a result of this program the company was operated at a profit for the last six months of the fiscal year in spite of very low volume of business.

In keeping with the established policy of the management to maintain the Plant on an efficient and modern basis, expenditures aggregating \$109,201.12 were made during the year, of which \$39,879.09 represented the amount expended for completing the construction of a new power plant and making certain other improvements. This latter amount, together with an additional sum of \$100,000.00 was taken from the Improvement and Contingencies Fund and added to Working Capital.

Because of heavy operating losses incurred in the first six months, your Directors deemed it advisable to declare only one quarterly dividend amounting to \$22,500.00, which dividend was paid from surplus.

Respectfully submitted,

EDWIN C. GREENE

President

BALANCE SHEET

THE APPONAUG COMPANY, APPONAUG, R. I.

June 30, 1938

ASSETS

Current Assets:

Cash

Demand Deposits and Working Funds.....	\$235,227.99	
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United States Obligations—At Cost Less Amortization:

Indicated Market Prices \$79,013.52.....	\$78,080.16	
Accrued Interest.....	630.31	
	78,710.47	

Accounts Receivable:

Trade Accounts—Less Reserve.....	120,801.53	
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Inventories—Lower of Cost or Market:

Work in Process.....	\$24,804.29	
Drugs, Chemicals, etc.....	71,956.12	
Factory Supplies, Back Greys, etc.....	73,478.84	
	170,239.25	\$604,979.24

Other Assets:

Sundry Accounts Receivable.....	5,383.94	
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Improvements and Contingencies Fund:

United States Obligations—At Cost Less Amortization:

Indicated Market Prices \$281,285.23.....	277,932.91	
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Property, Plant and Equipment:

Land, Buildings, Machinery and Equipment—Cost....	\$3,318,558.81	
Less Reserve for Depreciation.....	1,734,038.78	
	\$1,584,520.03	
Copper Rollers—Less Amortization.....	117,294.31	1,701,814.34

Deferred Charges:

Unexpired Insurance Premiums and Prepaid Expenses.....	53,110.38	
	\$2,643,220.81	

LIABILITIES, CAPITAL STOCK AND SURPLUS

Current Liabilities:

Accounts Payable.....	\$48,366.39	
Accrued Accounts.....	24,688.67	\$73,055.06

Reserve for Improvements and Contingencies.....	277,932.91	
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Capital Stock and Surplus:

Common Stock

No Par Value—Stated Value \$10.00 per Share— 90,000 Shares Authorized and Issued.....	\$900,000.00	
Earned Surplus.....	1,392,232.84	2,292,232.84

	\$2,643,220.81	
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CONDENSED INCOME AND SURPLUS ACCOUNT

THE APPONAUG COMPANY, APPONAUG, R. I.

For the Fiscal Year Ended June 30, 1938

Gross Profit from Operations before Depreciation.....		\$137,302.33
General, Administrative and Selling Expenses.....		165,001.91
NET OPERATING LOSS BEFORE DEPRECIATION.....		<u>\$27,699.58</u>
DEDUCT: Depreciation Charge.....		94,737.61
OPERATING LOSS.....		<u>\$122,437.19</u>
OTHER INCOME:		
Interest and Discounts Earned.....	\$15,492.93	
Profit on Securities Sold and other Sundry Income....	5,465.64	20,958.57
		<u>\$101,478.62</u>
OTHER DEDUCTIONS:		
Amortization of Premiums paid on United States Treasury Notes.....	\$3,857.86	
Loss on Disposal of Machinery and other Sundry Items	1,528.69	5,386.55
NET LOSS.....		<u><u>\$106,865.17</u></u>

EARNED SURPLUS

Balance at July 1, 1937.....		\$1,381,718.92
Add Transfer from Reserve for Improvements and Contingencies.....		139,879.09
		<u>\$1,521,598.01</u>
DEDUCT:		
Net Loss for the Year.....	\$106,865.17	
Cash Dividend Paid.....	22,500.00	129,365.17
BALANCE, JUNE 30, 1938.....		<u><u>\$1,392,232.84</u></u>

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

PROVIDENCE

INDUSTRIAL TRUST BLDG.

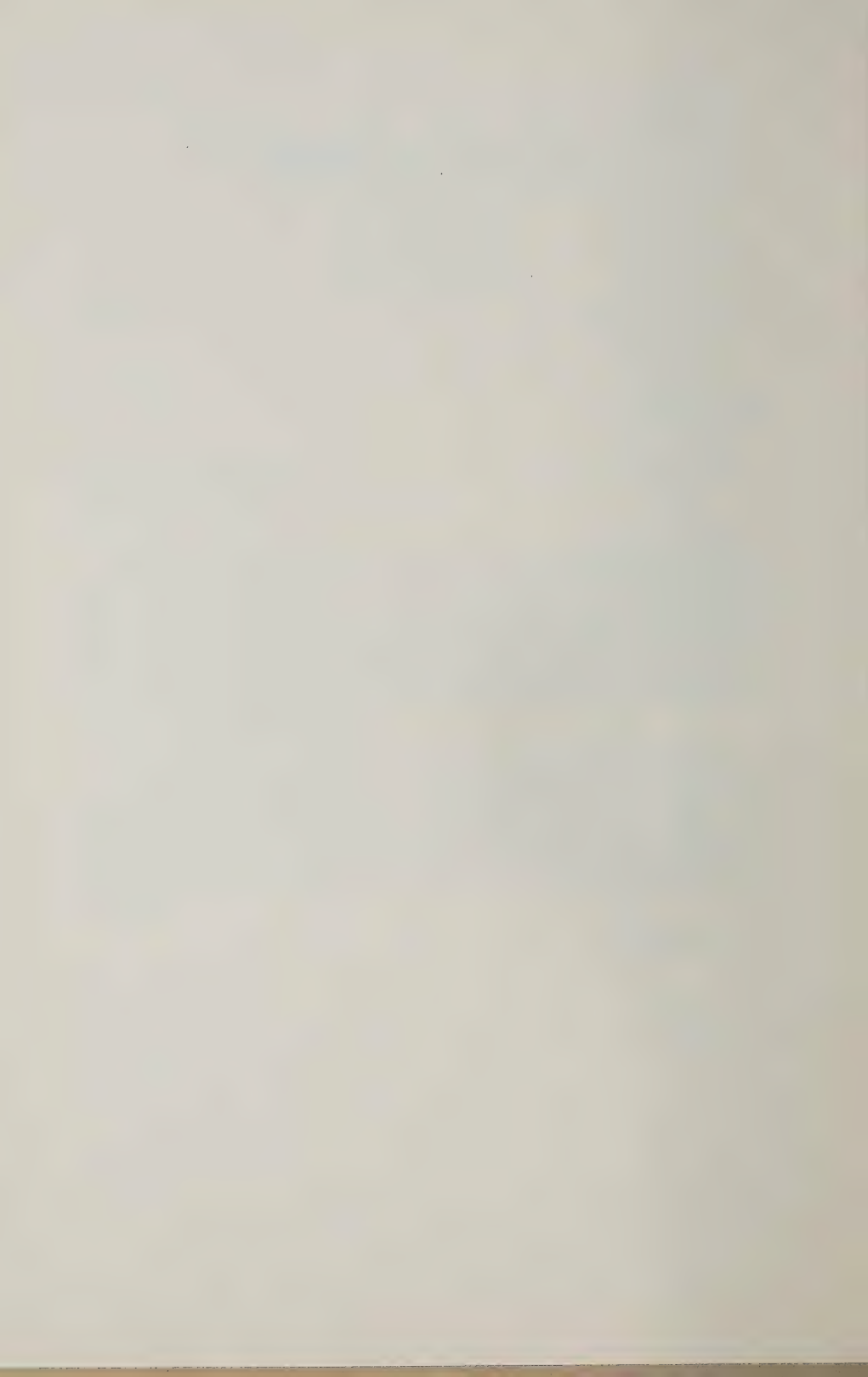
August 12, 1938

THE APPONAUG COMPANY,
Apponaug, Rhode Island.

We have made an examination of the balance sheet of THE APPONAUG COMPANY as at June 30, 1938, and of the statements of profit and loss and surplus for the year ended at that date. In connection therewith, we examined or tested accounting records of the Company and other supporting evidence, and obtained information and explanations from officers and employees; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon our examination, the accompanying balance sheet and related summary of profit and loss and earned surplus fairly present the position of the Company at June 30, 1938, and the results of its operations for the year ended at that date. Further, it is our opinion that the statements have been prepared in accordance with accepted principles of accounting and on a basis consistent with the preceding year.

ERNST & ERNST



338.7
Ap64
1938/39



ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1939

ANNUAL REPORT
THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1939

MAR 1 - 1950

THE APPONAUG COMPANY

Directors

JOHN G. ALDRICH, President New England Butt Co.	Providence, R. I.
FREDERICK G. BROWN	Apponaug, R. I.
E. LAMBERT CLIFFORD	Providence, R. I.
MCDONALD L. EDINGER	Apponaug, R. I.
LOWELL EMERSON, President R. I. Cardboard Co.	Pawtucket, R. I.
President Emerson Realty Co.	Pawtucket, R. I.
Treasurer West Dudley Paper Co.	Dudley, Mass.
EDWIN FARNWORTH	East Greenwich, R. I.
EDWIN C. GREENE	Providence, R. I.
FRANCIS B. KEENEY, Swan, Keeney & Smith	Providence, R. I.
GEORGE V. MEEHAN, Treasurer Grosvenor-Dale Co.	North Grosvenor-Dale, Conn.
JOHN A. PEARSON	Scarsdale, N. Y.
THOMAS STEVENSON	Ridgewood, N. J.

General Officers

EDWIN C. GREENE	President
THOMAS STEVENSON	Vice-President and Sales Manager
FREDERICK G. BROWN	Secretary and Treasurer
EDWIN FARNWORTH	General Manager

New York Agent

THOMAS STEVENSON	40 Worth Street, New York
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Transfer Agent

CORN EXCHANGE BANK TRUST COMPANY	New York City
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Registrar

COMMERCIAL NATIONAL BANK AND TRUST COMPANY	New York City
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General Counsel

SWAN, KEENEY & SMITH	Providence, R. I.
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Auditors

ERNST & ERNST

3307
Ap 47
1939/39

To the Stockholders of The Apponaug Company:

On behalf of your Board of Directors, I submit herewith the Annual Report for the fiscal year ended June 30, 1939, together with balance sheet and summary of profit and loss and earned surplus, as certified by the Company's auditors, Messrs. Ernst & Ernst.

During the year the Company has had to contend with a number of adverse factors affecting its volume of sales and profits. The price structure in the industry is still decidedly unfavorable and much of the business offered is on a price basis which does not permit of profitable operations. The flood of September 1938 caused considerable damage to the plant and was expensive, both from the standpoint of the loss due to stoppage of operations for about a week, and the direct loss from damaged merchandise and expenditures for repairs and reconditioning. The loss might have been greater had it not been for the splendid cooperation received from the officers and employees in restoring the plant to operating condition.

In spite of all these adverse conditions, which resulted in the lowest yardage volume in the Company's history, we earned a net profit of \$38,658.42 before deducting income taxes and the direct charges resulting from storm damage. The final net profit was \$17,391.54 after provision for all charges, including \$99,917.06 for depreciation, which compares with a net loss of \$106,865.17 last year.

The continuation of the Company's policy of keeping its equipment modernized and improved methods in processing and cost control have been contributing factors to the better showing. The chaotic conditions existing in the industry today do more to affect profitable operations than any other cause, and only by an improvement in these conditions may we hope to realize reasonable profits.

When the final results for the year had been determined your Board of Directors declared a dividend of \$13,500.00 payable in August 1939, which was a distribution of the greater part of the year's profits.

Expenditures amounting to \$98,794.00 were made during the year for improvements and additions to the Plant.

The balance sheet shows a strong current position with \$664,596.43 of current assets and \$32,032.56 of current liabilities, or \$632,563.87 of net current assets which compares with \$531,924.18 at the close of the previous year.

Respectfully submitted,

EDWIN C. GREENE

President

BALANCE SHEET
THE APPONAUG COMPANY
June 30, 1939

ASSETS

Current Assets:

Cash

Demand Deposits and Working Funds..... \$457,008.49

Accounts Receivable:

Trade Accounts—Less Reserve..... 51,991.13

Inventories—Lower of Cost or Market:

Work in Process..... \$3,769.20

Drugs, Chemicals, etc..... 70,230.13

Factory Supplies, Back Greys, etc..... 81,597.48 155,596.81 **\$664,596.43**

Other Assets:

Sundry Accounts Receivable..... 7,525.48

Improvements and Contingencies Fund:

United States Obligations—At Cost Less Amortization:

Indicated Market Value \$208,912.50..... 205,820.35

Property, Plant and Equipment:

Land, Buildings, Machinery and Equipment—Cost... \$3,388,084.81

Less Reserves for Depreciation..... 1,808,650.89

Copper Rollers—Cost Less Amortization..... \$1,579,433.92 1,689,410.56
109,976.64

Deferred Charges:

Prepaid Insurance and Expenses..... 52,237.03

\$2,619,589.85

LIABILITIES, CAPITAL STOCK AND SURPLUS

Current Liabilities:

Accounts Payable..... \$23,681.18

Accrued Accounts..... 6,326.38

Federal and State Taxes on Income—Estimated:

Provision for Year Ended June 30, 1939..... 2,025.00 **\$32,032.56**

Reserve for Improvements and Contingencies..... 205,820.35

Capital Stock and Surplus:

Common Stock

No Par Value—Stated Value \$10.00 per Share—
90,000 Shares Authorized and Issued..... \$900,000.00

Earned Surplus..... 1,481,736.94 2,381,736.94

\$2,619,589.85

SUMMARY OF PROFIT AND LOSS AND EARNED SURPLUS

THE APPONAUG COMPANY

Year Ended June 30, 1939

PROFIT AND LOSS

Gross Profit from Operations before Depreciation.....		\$284,168.96
Selling, General and Administrative Expenses.....		159,459.91
NET OPERATING PROFIT BEFORE DEPRECIATION.....		<u>\$124,709.05</u>
DEDUCT: Depreciation Charge.....		99,917.06
OPERATING PROFIT.....		<u>\$24,791.99</u>
OTHER INCOME:		
Interest and Discounts Taken.....	\$11,133.34	
Profit on Securities Sold and other Sundry Income..	8,756.20	19,889.54
		<u>\$44,681.53</u>
OTHER DEDUCTIONS:		
Amortization of Premiums paid on United States Treasury Notes.....	\$1,454.51	
Loss on Disposal of Machinery and other Sundry Items	4,568.60	6,023.11
PROFIT BEFORE FLOOD LOSS.....		<u>\$38,658.42</u>
Flood Loss.....		19,241.88
PROFIT BEFORE TAXES ON INCOME.....		<u>\$19,416.54</u>
TAXES ON INCOME:		
Provision for Current Year—Estimated:		
Federal Income Tax.....	\$1,550.00	
Massachusetts Income Tax.....	475.00	2,025.00
NET PROFIT.....		<u><u>\$17,391.54</u></u>

EARNED SURPLUS

Balance at July 1, 1938.....		\$1,392,232.84
ADD:		
Transfer from Reserve for Improvements and Contingencies.....	\$72,112.56	
Net Profit for the Year.....	17,391.54	89,504.10
BALANCE AT JUNE 30, 1939.....		<u><u>\$1,481,736.94</u></u>

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

PROVIDENCE

INDUSTRIAL TRUST BLDG.

August 17, 1939

THE APPONAUG COMPANY,
Apponaug, Rhode Island.

We have made an examination of the balance sheet of THE APPONAUG COMPANY as at June 30, 1939, and of the statements of profit and loss and surplus for the year ended at that date. In connection therewith, we examined or tested accounting records of the Company and other supporting evidence, and obtained information and explanations from officers and employees of the Company; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

Customers have confirmed directly to us 99.77% of their outstanding accounts. Inventories, with the exception of work in process, were based upon physical inventories taken as at June 30, 1939. Work in process inventory was taken from running book inventory records. Our representatives were present while the physical inventories were being taken, reviewed methods and procedures employed and made test checks of quantities. Computations and basis of pricing were tested on the final inventory sheets.

During the year under review, the Board of Directors voted to transfer \$72,112.56 from the Reserve for Improvements and Contingencies to Earned Surplus.

In our opinion, based upon our examination, the accompanying balance sheet and related summary of profit and loss and earned surplus fairly present the position of the Company at June 30, 1939, and the results of its operations for the year ended at that date. Further, it is our opinion that the statements have been prepared in accordance with accepted principles of accounting and on a basis consistent with the preceding year.

ERNST & ERNST

Certified Public Accountants

338.7
Ap 64
1939/40

ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1940

ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1940

MAR 1 - 1950

THE APPONAUG COMPANY

Directors

JOHN G. ALDRICH, President New England Butt Co.	Providence, R. I.
FREDERICK G. BROWN	Apponaug, R. I.
E. LAMBERT CLIFFORD	Providence, R. I.
MCDONALD L. EDINGER	Apponaug, R. I.
LOWELL EMERSON, President R. I. Cardboard Co.	Pawtucket, R. I.
President Emerson Realty Co.	Pawtucket, R. I.
Treasurer West Dudley Paper Co.	Dudley, Mass.
EDWIN FARNWORTH	East Greenwich, R. I.
EDWIN C. GREENE	Providence, R. I.
FRANCIS B. KEENEY, Swan, Keeney & Smith	Providence, R. I.
GEORGE V. MEEHAN, Treasurer Grosvenor-Dale Co.	North Grosvenor-Dale, Conn.
JOHN A. PEARSON	Scarsdale, N. Y.
THOMAS STEVENSON	Ridgewood, N. J.

General Officers

EDWIN C. GREENE	President
FREDERICK G. BROWN	Secretary and Treasurer
FRANK V. WILLARD	Assistant Treasurer
EDWIN FARNWORTH	General Manager

New York Representatives

WILLIAM O. CARPENTER	40 Worth Street, New York
THOMAS O. HILLS	40 Worth Street, New York

Transfer Agent

CORN EXCHANGE BANK TRUST COMPANY	New York City
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Registrar

COMMERCIAL NATIONAL BANK AND TRUST COMPANY	New York City
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General Counsel

SWAN, KEENEY & SMITH	Providence, R. I.
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Auditors

ERNST & ERNST

3387
Apr 4
1939/40

To the Stockholders of The Apponaug Company:

On behalf of your Board of Directors I submit herewith the Annual Report for the fiscal year ended June 30, 1940, together with balance sheet and summary of profit and loss and earned surplus, which have been examined by the Company's auditors, Messrs. Ernst and Ernst.

In spite of the lowest yardage and dollar sales volume in many years, due to a continuation of adverse conditions affecting the industry, your Company was able to show a small profit of \$16,102.96 after all expenses and charge-offs. A high standard of plant efficiency together with the splendid cooperation of the personnel has been maintained during this difficult year.

Conditions in the industry are still most unsatisfactory making profitable operations extremely difficult. We cannot look for reasonable or satisfactory earnings under these conditions, which I have commented on in detail in previous years' reports.

The Company is expending substantial money in research and development activities and is pursuing an aggressive sales policy. Extensive research has resulted in bringing out new creations on both cotton and synthetic fabrics which are being well received by the trade. Total capital expenditures amounted to \$152,606.00 during this year which included special machinery and equipment.

The earnings for this year, as well as the earnings for the past several years, have not justified large dividend disbursements. A dividend of \$13,500.00 was declared payable August 15, 1940, which was a distribution of substantially all of the net profit for the year ending June 30, 1940.

The Company's balance sheet shows a sound financial condition with net current assets of \$564,988.93 of which \$356,021.13 was represented by cash, securities and receivables, after deducting all current liabilities.

Respectfully submitted,

EDWIN C. GREENE
President

BALANCE SHEET
THE APPONAUG COMPANY
June 30, 1940

ASSETS

Current Assets:

Cash:

Demand Deposits and Working Funds \$109,206.96

United States Obligations—At Cost Less Amortization:

Indicated Market Value \$252,265.64 251,106.85

Accounts Receivable:

Trade Accounts—Less Reserve 75,023.06

Inventories—Lower of Cost or Market:

Work in Process \$ 12,365.59

Drugs, Chemicals, etc. 102,865.21

Factory Supplies, Back Greys, etc. 93,737.00 208,967.80 \$644,304.67

Other Assets:

Sundry Accounts Receivable 9,441.45

Improvements and Contingencies Fund:

United States Obligations—At Cost Less Amortization:

Indicated Market Value \$205,400.61 204,367.79

Property, Plant and Equipment:

Land, Buildings, Machinery and Equipment—Cost.. \$3,488,394.18

Less Reserves for Depreciation 1,881,898.14

\$1,606,496.04

Copper Rollers—Cost Less Amortization 118,899.74 1,725,395.78

Deferred Charges:

Prepaid Insurance and Expenses 85,966.30

\$2,669,475.99

LIABILITIES, CAPITAL STOCK AND SURPLUS

Current Liabilities:

Accounts Payable \$ 70,858.51

Accrued Accounts 5,982.23

Federal and State Taxes on Income—Estimated:

Provision for Year Ended June 30, 1940 2,475.00 \$ 79,315.74

Reserve for Improvements and Contingencies 204,367.79

Capital Stock and Surplus:

Capital Stock

No Par Value—Stated Value \$10.00 per Share—

90,000 Shares Authorized and Issued \$ 900,000.00

Earned Surplus 1,485,792.46 2,385,792.46

\$2,669,475.99

SUMMARY OF PROFIT AND LOSS AND EARNED SURPLUS

THE APPONAUG COMPANY

Year Ended June 30, 1940

PROFIT AND LOSS

Gross Profit from Operations before Depreciation	\$ 277,452.64	
Selling, General and Administrative Expenses	164,379.17	
NET OPERATING PROFIT BEFORE DEPRECIATION	\$ 113,073.47	
DEDUCT: Depreciation Charge	102,382.97	
OPERATING PROFIT	\$ 10,690.50	

OTHER INCOME:

Interest and Discounts Earned	\$ 7,754.85	
Other Sundry Income	8,660.50	16,415.35
		<u>\$27,105.85</u>

OTHER DEDUCTIONS:

Amortization of Premiums paid on United States Treasury Notes	\$ 441.36	
Loss on Disposal of Machinery	6,509.79	
Other Sundry Items	1,576.74	8,527.89
PROFIT BEFORE TAXES ON INCOME	\$ 18,577.96	

TAXES ON INCOME:

Provision for Current Year—Estimated:		
Federal Income Tax	\$2,400.00	
Massachusetts Income Tax	75.00	2,475.00
NET PROFIT		<u><u>\$16,102.96</u></u>

EARNED SURPLUS

Balance at July 1, 1939	\$1,481,736.94	
ADD:		
Net Profit for the Year	\$16,102.96	
Transfer from Reserve for Improvements and Contingencies	1,452.56	17,555.52
		<u>\$1,499,292.46</u>
DEDUCT:		
Cash Dividend of 15c per Share		13,500.00
BALANCE AT JUNE 30, 1940		<u><u>\$1,485,792.46</u></u>

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

PROVIDENCE

INDUSTRIAL TRUST BLDG.

August 15, 1940

THE APPONAUG COMPANY,
Apponaug, Rhode Island.

To the Stockholders:

We have examined the balance sheet of THE APPONAUG COMPANY as of June 30, 1940, and the statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate.

Customers have confirmed directly to us 78.8% of their outstanding accounts. Inventories, with the exception of work in process, were based upon physical inventories taken as of June 30, 1940. Work in process inventory was taken from running book inventory records. Our representative was present while the physical inventories were being taken and observed methods and procedures employed. Computations and basis of pricing were tested on the final inventory sheets.

In our opinion, the accompanying balance sheet and related summary of profit and loss and earned surplus present fairly the position of THE APPONAUG COMPANY at June 30, 1940, and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST

Certified Public Accountants

338.7
Ap 64
1940/41

ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1941

ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1941

MAR 1 - 1950

THE APPONAUG COMPANY

Directors

JOHN G. ALDRICH, President New England Butt Co.	Providence, R. I.
FREDERICK G. BROWN	Apponaug, R. I.
E. LAMBERT CLIFFORD	Providence, R. I.
MCDONALD L. EDINGER	Apponaug, R. I.
LOWELL EMERSON, President R. I. Cardboard Co.	Pawtucket, R. I.
President Emerson Realty Co.	Pawtucket, R. I.
Treasurer West Dudley Paper Co.	Dudley, Mass.
EDWIN FARNWORTH	East Greenwich, R. I.
EDWIN C. GREENE	Providence, R. I.
FRANCIS B. KEENEY, Swan, Keeney & Smith	Providence, R. I.
ROYAL W. LEITH	Boston, Mass.
GEORGE V. MEEHAN, Treasurer Grosvenor-Dale Co.	North Grosvenor-Dale, Conn.
JOHN A. PEARSON	Scarsdale, N. Y.

General Officers

FREDERICK G. BROWN	President
EDWIN FARNWORTH	Vice-President
EDWIN C. GREENE	Secretary
FRANK V. WILLARD	Treasurer

New York Representatives

WILLIAM O. CARPENTER	40 Worth Street, New York
THOMAS O. HILLS	40 Worth Street, New York
EDWARD B. C. FRIEZE	40 Worth Street, New York

Transfer Agent

CORN EXCHANGE BANK TRUST COMPANY	New York City
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Registrar

COMMERCIAL NATIONAL BANK AND TRUST COMPANY	New York City
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General Counsel

SWAN, KEENEY & SMITH	Providence, R. I.
--------------------------------	-------------------

Auditors

ERNST & ERNST

3387
AP64
1940/41

To the Stockholders of the Apponaug Company:

On behalf of your Board of Directors, I am presenting to you a statement of the condition of your Company as of June 30, 1941, including Balance Sheet and Summary of Profit and Loss and Earned Surplus, which have been examined by your Auditors, Messrs. Ernst & Ernst.

In many respects the past year has been most unusual. On account of chaotic conditions still existing in the industry, your Company suffered a net loss of \$91,884.67, after provision for depreciation charges of \$104,457.89 and extraordinary and non-recurring expenses of \$54,500.00. Due to the tremendous increase in the cost of cotton grey goods which took place after the turn of the year, production was severely curtailed during a period when operations are usually high and profits anticipated.

During the twelve-month period, the price structure affecting our industry has not changed materially, notwithstanding the increased cost of raw materials and labor. Your Company, during this period, signed a contract with the Federation of Dyers, Finishers, Printers and Bleachers of America (a C. I. O. affiliate). This contract, which expires July 31, 1942, provided a wage increase and established certain minimum wage rates, closed shop, check-off and one week's vacation with pay, the net result of which was increased operating expense.

Following the established custom of your Company, we have vigorously pursued new processes and finishes which have proven to be profitable. An advertising program was established and the Company's trade-marks "Apponized" and "Fresh as a Daisy" featured. During the year there was spent the sum of \$127,252.12, for new machinery and equipment, improvements, additions to power plant, and an increased investment in copper rolls.

An examination of the Summary of Profit and Loss shows an actual loss from operations of \$37,384.67, before including the extraordinary and non-recurring expenses. The position of your Company from a market angle is stronger than a year ago. Sales volume and number of customers are increasing; the quality of your Company's product has improved and several new processes are being well received by the trade; the production of rayon goods has steadily increased. These are very promising signs for the future, obscured somewhat, however, by the availability of necessary raw materials, the apparent shortage of both cotton and rayon grey goods, and an unstable price structure, which shows some signs of improvement.

I believe I would be remiss in this report if I did not point out emphatically to the Stockholders, the fine spirit of cooperation which exists among the personnel. This has been a very difficult year, but in spite of the many handicaps and problems, there has been complete accord between the sales organization and the plant personnel, as a result of which a very high efficiency of production has been maintained. This could only have been accomplished through the active cooperation of each and every employee.

Respectfully submitted,

FREDERICK G. BROWN

President

BALANCE SHEET
THE APPONAUG COMPANY
June 30, 1941

ASSETS

Current Assets:

Cash:

Demand Deposits and Working Funds \$174,166.56

United States Obligations—At Cost Less Amortization: 665.49

Accounts Receivable:

Trade Accounts—Less Reserve 82,868.11

Inventories—Lower of Cost or Market:

Work in Process \$ 30,142.23

Drugs, Chemicals, etc. 149,251.34

Factory Supplies, Back Greys, etc. 114,994.89 294,388.46 \$552,088.62

Other Assets:

Sundry Accounts Receivable 12,777.91

Improvements and Contingencies Fund:

United States Obligations—At Cost Less Amortization:
Indicated Market Value \$207,916.20 204,367.79

Property, Plant and Equipment:

Land, Buildings, Machinery and Equipment—Cost.. \$3,570,644.87

Less Reserves for Depreciation 1,971,789.05

\$1,598,855.82

Copper Rollers—Cost Less Amortization 143,137.15 1,741,992.97

Deferred Charges:

Prepaid Insurance and Expenses 38,755.78

\$2,549,983.07

LIABILITIES, CAPITAL STOCK AND SURPLUS

Current Liabilities:

Accounts Payable \$ 58,920.21

Accrued Accounts 6,287.28 \$65,207.49

Reserve for Improvements and Contingencies 204,367.79

Capital Stock and Surplus:

Capital Stock

No Par Value—Stated Value \$10.00 per Share—

90,000 Shares Authorized and Issued \$ 900,000.00

Earned Surplus 1,380,407.79 2,280,407.79

\$2,549,983.07

SUMMARY OF PROFIT AND LOSS AND EARNED SURPLUS

THE APPONAUG COMPANY

Year Ended June 30, 1941

PROFIT AND LOSS

Gross Profit from Operations before Depreciation	\$ 225,212.73	
Selling, General and Administrative Expenses	168,408.83	
NET OPERATING PROFIT BEFORE DEPRECIATION	\$ 56,803.90	
DEDUCT: Depreciation Charge	104,457.89	
OPERATING LOSS	\$ 47,653.99*	

OTHER INCOME:

Interest and Discounts Earned	\$ 9,727.55	
Other Sundry Income	2,674.71	12,402.26
		<u>\$ 35,251.73*</u>

OTHER DEDUCTIONS:

Amortization of Premiums paid on United States Treasury Notes	\$ 441.36	
Other Sundry Items	1,691.58	2,132.94
LOSS BEFORE EXTRAORDINARY AND NON-RECURRING EXPENSES		<u>\$ 37,384.67*</u>
Extraordinary and non-recurring expenses		54,500.00
NET LOSS		<u><u>\$91,884.67*</u></u>

*Denotes Loss

EARNED SURPLUS

Balance at July 1, 1940 \$1,485,792.46

DEDUCT:

Net Loss for the Year	\$91,884.67	
Cash Dividend of 15c per share	13,500.00	105,384.67
BALANCE AT JUNE 30, 1941		<u><u>\$1,380,407.79</u></u>

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

PROVIDENCE

INDUSTRIAL TRUST BLDG.

August 18, 1941

THE APPONAUG COMPANY,
Apponaug, Rhode Island.

To the Stockholders:

We have examined the balance sheet of THE APPONAUG COMPANY as of June 30, 1941, and the statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Customers have confirmed directly to us 61.56% of their outstanding accounts. Inventories, with the exception of work in process, were based upon physical inventories taken as of June 30, 1941. Work in process inventory was taken from running book inventory records. Our representative was present while the physical inventories were being taken and observed methods and procedures employed. Computations and basis of pricing were tested on the final inventory sheets.

In our opinion, the accompanying balance sheet and related summary of profit and loss and earned surplus present fairly the position of THE APPONAUG COMPANY at June 30, 1941, and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

338.7
Ap64
1941/42

ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1942

ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1942

MAR 1 - 1950

THE APPONAUG COMPANY

Directors

JOHN G. ALDRICH, President New England Butt Co.	Providence, R. I.
FREDERICK G. BROWN	Apponaug, R. I.
E. LAMBERT CLIFFORD	Providence, R. I.
MCDONALD L. EDINGER	Apponaug, R. I.
LOWELL EMERSON, President R. I. Cardboard Co.	Pawtucket, R. I.
President Emerson Realty Co.	Pawtucket, R. I.
Treasurer West Dudley Paper Co.	Dudley, Mass.
EDWIN FARNWORTH	East Greenwich, R. I.
EDWIN C. GREENE	Providence, R. I.
FRANCIS B. KEENEY, Swan, Keeney & Smith	Providence, R. I.
ROYAL W. LEITH	Boston, Mass.
GEORGE V. MEEHAN	North Grosvenor-Dale, Conn.
JOHN A. PEARSON	Scarsdale, N. Y.

General Officers

FREDERICK G. BROWN	President
EDWIN FARNWORTH	Vice-President
EDWIN C. GREENE	Secretary
FRANK V. WILLARD	Treasurer

New York Representatives

WILLIAM O. CARPENTER	40 Worth Street, New York
EDWARD B. C. FRIEZE	40 Worth Street, New York

Transfer Agent

CORN EXCHANGE BANK TRUST COMPANY	New York City
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Registrar

COMMERCIAL NATIONAL BANK AND TRUST COMPANY	New York City
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General Counsel

SWAN, KEENEY & SMITH	Providence, R. I.
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Auditors

ERNST & ERNST

500
Appl
1941/42

To the Stockholders of the Apponaug Company:

In behalf of your Board of Directors, I am presenting to you a statement of the condition of your Company as of June 30, 1942, including Balance Sheet and Summary of Profit and Loss and Earned Surplus, which has been examined by your Auditors, Messrs. Ernst & Ernst.

War has naturally had its effect upon the industry and this Company, but in spite of the resulting uncertain conditions your Company operated at a net profit of \$252,633.56, after provision for depreciation charges of \$97,820. 57 and Federal Taxes of approximately \$81,000.00. During the year dividends amounting to 75c a share were distributed to the stockholders.

Dollar sales and yardage volume, exclusive of War contracts, showed marked increases, brought about by the continued demand for the Company's product and the increased number of its customers. The past twelve-months' period has shown a decided scarcity of both cotton and rayon piece-goods. These conditions change weekly, but by the continuance of a vigorous sales policy, volume has increased and there is every indication that the Company can maintain its position in the industry. A great deal of effort has been made to participate in the War program, and it is anticipated that during the coming year this volume will be substantial, not only on dyed goods, but on printed fabrics as well.

Even though the Company's principal product, the finishing of fine combed cotton piece-goods, has virtually disappeared from the market, your Company was able to operate steadily on a single shift of forty hours because of its unique position of diversification. The demand for special finishes, including our "Apponized" product, "Fresh-as-a-Daisy," continues to grow.

The Company continued its long established policy of maintaining its plant and equipment at maximum efficiency, and to that end there was spent the sum of \$103,557.24 for improvements and investment in productive assets.

During the year, the Company granted two wage increases approximating in the aggregate 25%. This increased labor cost and other items of increased expenses were offset by a favorable change in the price structure. The price of your Company's product has been frozen by Maximum Price Regulation 128, and this condition, coupled with anticipated increased Federal Taxes does not warrant any anticipation of increased net earnings.

Although your Company is located in a highly industrialized and vital War area, through the efforts of our entire organization, we have been able to maintain our operating personnel at a reasonably satisfactory level, in spite of a high labor turnover including members of our organization who have joined the Armed Forces of the Country. It is my sincere belief that the excellent operating results of the Company could only have been accomplished because of the spirit of co-operation and team work which exists at Apponaug.

Respectfully submitted,
FREDERICK G. BROWN
President

BALANCE SHEET
THE APPONAUG COMPANY
June 30, 1942

ASSETS

Current Assets

Cash

Demand Deposits and Office Working Funds..... \$ 189,427.74

United States Obligations—At Cost Less Amortization

..... \$ 128.48
 Accrued Interest..... 95.65 224.13

Accounts Receivable

Trade Accounts..... \$ 166,915.49
 Less Reserve..... 1,500.00 165,415.49

Inventories—Lower of Cost or Market

Work in Process..... \$ 46,996.95
 Drugs and Chemicals..... 277,155.70
 Factory Supplies and Back Greys..... 203,436.66 527,589.31

Total Current Assets..... \$ 882,656.67

Other Assets

Sundry Accounts Receivable..... 15,858.83

Improvements and Contingencies Fund

United States Obligations—At Cost Less Amortization

Indicated Market Value \$205,465.00..... 204,367.79

Property, Plant and Equipment

Land, Buildings, Machinery and Equipment—Cost... \$3,643,944.81
 Less Reserves for Depreciation..... 2,066,219.92

\$1,577,724.89

Copper Rollers—Cost Less Amortization..... 159,272.71 1,736,997.60

Deferred Charges

Prepaid Insurance and Expenses..... 37,813.02

\$2,877,693.91

LIABILITIES, CAPITAL STOCK AND SURPLUS

Current Liabilities

Accounts Payable..... \$ 109,380.77

Accrued Royalties and Taxes..... 17,404.00

Federal Taxes on Income of the Year Ended June 30, 1942—estimated 81,000.00

Total Current Liabilities..... \$ 207,784.77

Reserve for Improvements and Contingencies

204,367.79

Capital Stock and Surplus

Capital Stock:

Common Stock—No Par Value—Stated Value \$10.00

per Share—90,000 Shares Authorized and Issued... \$ 900,000.00

Earned Surplus..... 1,565,541.35 2,465,541.35

\$2,877,693.91

SUMMARY OF PROFIT AND LOSS AND EARNED SURPLUS
THE APPONAUG COMPANY
Year Ended June 30, 1942

PROFIT AND LOSS

Gross Profit from Operations after Depreciation	\$ 502,915.08
Selling, Administrative and General Expenses	178,179.25
OPERATING PROFIT	<u>\$ 324,735.83</u>

OTHER INCOME:

Interest and Discounts Earned	\$11,901.99	
Other Sundry Income	1,698.74	13,600.73
		<u>\$ 338,336.56</u>

OTHER DEDUCTIONS	4,703.00
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PROFIT BEFORE TAXES ON INCOME	<u>\$ 333,633.56</u>
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Taxes on Income — estimated:

Provision for the Year:

Federal normal income tax, surtax and declared value excess profits tax	81,000.00
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NET PROFIT	<u><u>\$ 252,633.56</u></u>
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Note—Provision for Depreciation amounted to \$97,820.57.

EARNED SURPLUS

Balance at July 1, 1941	\$1,380,407.79
Net Profit for the Year	252,633.56
	<u>\$1,633,041.35</u>

Cash Dividend of 75c per share	67,500.00
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BALANCE AT JUNE 30, 1942	<u><u>\$1,565,541.35</u></u>
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ACCOUNTANTS' REPORT

To the Stockholders,
THE APPONAUG COMPANY,
Apponaug, Rhode Island.

We have examined the balance sheet of THE APPONAUG COMPANY as of June 30, 1942, and the statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Customers have confirmed directly to us 73.64% of their outstanding accounts. Inventories, with the exception of work in process, were based upon physical inventories taken as of June 30, 1942. Work in process inventory was taken from running book inventory records. Our representative was present while the physical inventories were being taken and observed methods and procedures employed.

In our opinion, the accompanying balance sheet and related summary of profit and loss and earned surplus present fairly the position of THE APPONAUG COMPANY at June 30, 1942, and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Providence, R. I.
August 21, 1942

338.7
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1942/43

ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1943

ANNUAL REPORT

THE APPONAUG COMPANY

APPONAUG, R. I.

FOR THE FISCAL YEAR ENDED
JUNE 30, 1943

MAR 1 - 1950

THE APPONAUG COMPANY

Directors

JOHN G. ALDRICH, President New England Butt Co.	Providence, R. I.
FREDERICK G. BROWN	Apponaug, R. I.
E. LAMBERT CLIFFORD	Providence, R. I.
BENJAMIN C. CLOUGH	Providence, R. I.
LOWELL EMERSON, President R. I. Cardboard Co.	Pawtucket, R. I.
President Emerson Realty Co.	Pawtucket, R. I.
Treasurer West Dudley Paper Co.	Dudley, Mass.
EDWIN FARNWORTH	East Greenwich, R. I.
EDWIN C. GREENE	Providence, R. I.
FRANCIS B. KEENEY, Swan, Keeney & Smith	Providence, R. I.
ROYAL W. LEITH	Boston, Mass.
GEORGE V. MEEHAN	North Grosvenor-Dale, Conn.
JOHN A. PEARSON	Scarsdale, N. Y.

General Officers

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EDWIN FARNWORTH	Vice-President
EDWIN C. GREENE	Secretary
FRANK V. WILLARD	Treasurer

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EDWARD B. C. FRIEZE	40 Worth Street, New York

Transfer Agent

CORN EXCHANGE BANK TRUST COMPANY	New York City
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Registrar

COMMERCIAL NATIONAL BANK AND TRUST COMPANY	New York City
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General Counsel

SWAN, KEENEY & SMITH	Providence, R. I.
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Auditors

ERNST & ERNST

338.7
AP 64
1944/43

To the Stockholders of the Apponaug Company:

In behalf of your Board of Directors, I am presenting to you a statement of the condition of your Company as of June 30, 1943, including Balance Sheet and Summary of Profit and Loss and Earned Surplus, which has been examined by your Auditors, Messrs. Ernst & Ernst.

In spite of many War-time restrictions and regulations affecting the industry, your Company operated at a net profit of \$533,733.38, after provision of \$97,600.26 for depreciation, but before provision for Federal Income and Excess Profits Taxes. This net profit was \$200,099.82 greater than last year. However, after providing for Federal Taxes on Income, estimated at \$276,000.00, the net profit transferred to Surplus of \$257,733.38 was only \$5,099.82 in excess of the previous year. During the year, dividends amounting to \$1.00 a share were distributed to the stockholders.

The greatest single contributing factor to increased net profit before Federal Taxes was the continuous steady operation on a single shift of forty hours for the first quarter of the year and a fifty-hour single-shift operation for the remaining three quarters, which is still continuing. Dollar Sales and Yardage Volume, exclusive of War Contracts, were the highest since 1931. This increase in civilian business was the result of the continuance of a vigorous sales policy instituted a few years ago and ran counter to the industry trend, which was decidedly downward.

Because of its unique position of diversification, the demand for the Company's product continued to grow. Even though the Company's principal product, the finishing of fine combed cotton piece-goods, had virtually disappeared from the market and rayon piece-goods for the dress-goods' trade very scarce, our "Apponized product"—"Fresh-as-a-Daisy"—and other special finishes as applied to heavier carded low-end cotton cloths had an increased market demand.

The year has not passed without its many problems, brought about by the prosecution of the War. The scarcity of labor and its step-child absenteeism were with us daily. Under Conservation Order M-280 we sold forty per cent in poundage of the copper we had on hand as of December 31, 1942. Conservation Order M-103 has limited us in the use of dyestuffs in 1943 to 60% of that which we purchased in 1941. We have been ordered to convert our oil fired boilers to pulverized coal. This is being done and the estimated cost is \$175,000.00.

The proceeds from the sale of copper to the U. S. Government amounted to \$91,501.59. In accordance with the U. S. Treasury Department's regulation on involuntary conversions, the Company has applied for permission to establish a replacement fund. Your directors have authorized the establishment of a fund, to be invested in Government securities for the eventual replacement of these copper rollers. These copper rollers were carried on the books at \$50,461.32. No part of the difference between the carrying value and the proceeds has been taken into income, as the effect of this transaction cannot be finally determined until such time as the Company is able to purchase copper rollers for replacement.

The total tax expense for Unemployment, Sickness, Old Age, City and State, and Federal Taxes amounted to \$361,745.17, or equal to \$4.02 per share of stock. This ever increasing tax figure, coupled with increased materials costs, and the present demands of labor for a general wage increase in addition to life insurance, sickness and accident benefits, and hospitalization (to be paid for by the Company), do not warrant any anticipation of increased earnings.

Even in spite of material shortages and the exercise of priorities, the Company continued its long established policy of maintaining its plant and equipment at as near maximum efficiency as was possible under existing conditions, and to that end there was spent the sum of \$87,505.51 for improvements and investments in productive assets. This included a new turbine which had been on order for over two years.

In conclusion, I would like to repeat and re-emphasize my last year's comments about personnel: "Your Company is located in a highly industrialized and vital War area, and through the efforts of our entire organization we have been able to maintain an operating personnel at a reasonably satisfactory level, in spite of a high labor turnover, including members of our organization who have joined the Armed Forces of the Country. It is my sincere belief that the excellent operating results of the Company could only have been accomplished because of the spirit of co-operation and team-work which exists at Apponaug."

Respectfully submitted,

FREDERICK G. BROWN, *President*

BALANCE SHEET
THE APPONAUG COMPANY
June 30, 1943

ASSETS	
Current Assets	
Cash	\$ 184,510.78
Tax Anticipation Certificates — excess over amount required to equal estimated tax liability	10,995.85
Accounts Receivable — Trade	\$ 324,164.34
Less Reserve	1,500.00
	322,664.34
Inventories — Lower of Cost or Market	
Work in Process	\$ 92,657.12
Drugs and Chemicals	237,901.24
Factory supplies and back greys	179,081.66
	509,640.02
Total Current Assets	\$1,027,810.99
Other Assets	
Post-war refund of excess profits tax—estimated	\$ 12,000.00
Sundry Accounts Receivable	12,871.28
	24,871.28
Improvements and Contingencies Fund	
United States Obligations — At Cost Less Amortization	
Indicated Market Value \$205,110.00	204,684.67
Fund for Replacement of Copper Rollers Sold to U. S. Government	
Cash on Deposit — Special Account	\$ 59,791.05
Due from Metals Reserve Company Account of Cop- per Recovery Corporation	31,710.54
	91,501.59
Property, Plant and Equipment	
Land, buildings, machinery and equipment — cost ..	\$3,680,845.71
Less Reserves for Depreciation	2,116,541.26
	\$1,564,304.45
Copper Rollers — Cost Less Amortization	98,695.86
	1,663,000.31
Deferred Charges	
Prepaid Insurance and Expenses	50,531.40
	<u>\$3,062,400.24</u>

LIABILITIES, CAPITAL STOCK AND SURPLUS

Current Liabilities	
Accounts Payable	\$ 137,110.22
Dividends Payable July 20, 1943	22,500.00
Accrued Royalties and Taxes	24,107.23
Federal Taxes on Income — Estimated	\$ 289,004.15
Less Tax Anticipation Certificates	289,004.15
Total Current Liabilities	\$ 183,717.45
Reserves	
For Improvements and Contingencies	204,367.79
For Replacement of Copper Rollers	91,501.59
Capital Stock and Surplus	
Capital Stock — No Par Value — Stated Value \$10.00 per Share — 90,000 Shares Authorized and Issued ..	\$ 900,000.00
Earned Surplus	1,682,813.41
	2,582,813.41
	<u>\$3,062,400.24</u>

NOTE: It is not possible at this time to determine the effect, if any, on these financial statements of the renegotiation of Government contracts as provided by law.

SUMMARY OF PROFIT AND LOSS AND EARNED SURPLUS

THE APPONAUG COMPANY

Year Ended June 30, 1943

PROFIT AND LOSS

Gross Profit from Operations after Depreciation	\$ 727,547.72
Selling, Administrative and General Expenses	198,849.39
	<u>\$528,698.33</u>

OTHER INCOME:

Interest and Discount Earned	\$10,200.66	
Other Sundry Income	1,225.70	11,426.36
		<u>\$ 540,124.69</u>

OTHER DEDUCTIONS	6,391.31
	<u>\$ 533,733.38</u>

Taxes on Income — Estimated:

Provision for the Fiscal Year:

Federal normal income tax, surtax and declared value excess profits tax	\$ 168,000.00	
Federal excess profits tax	\$ 120,000.00	
Less estimated post-war refund of excess profits tax	12,000.00	108,000.00
		276,000.00
Balance Transferred to Earned Surplus		<u>\$ 257,733.38</u>

NOTE: Provision for Depreciation for the Year Amounted to \$97,600.26.
Reference is made to footnote on the Balance Sheet.

EARNED SURPLUS

Balance at July 1, 1942	\$1,565,541.35
ADDITIONS	
Balance Transferred from Profit and Loss	\$ 257,733.38
Excess of Proceeds over Carrying Value of Copper Rollers	
Sold to U. S. Government	41,040.27
	<u>\$1,864,315.00</u>
DEDUCTIONS	
Dividends at \$1.00 per Share	\$ 90,000.00
Providing Reserve for Replacement of Copper Rollers	91,501.59
BALANCE AT JUNE 30, 1943	<u>\$1,682,813.41</u>

ACCOUNTANTS' REPORT

Providence, R. I.

August 30, 1943

To the Stockholders,
THE APPONAUG COMPANY,
Apponaug, Rhode Island.

We have examined the balance sheet of THE APPONAUG COMPANY as of June 30, 1943, and the statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related summary of profit and loss and earned surplus present fairly the position of THE APPONAUG COMPANY at June 30, 1943, and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST

Certified Public Accountants



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